



Tony Knowles, Governor

Department of Community and Economic Development

Office of the Commissioner

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October 15, 2002

James W. Balsiger
Administrator, Alaska Region
U.S. Department of Commerce
National Marine Fisheries Service
P.O. Box 21668
Juneau, AK 99802-1668

RE: 2003-2005 CDQ Program Allocation Recommendations

Dear Mr. Balsiger:

I am pleased to present the State of Alaska's recommendations for the Western Alaska Community Development Quota (CDQ) Program allocations for the 2003-2005 CDQ fisheries in the Bering Sea and Aleutian Island (BS/AI) management areas.

The State of Alaska received six applications pursuant to 50 CFR 679.30 and State of Alaska regulations 6 AAC 93. The 2003-2005 CDP applications have been fully reviewed by the state. The attached findings support the State of Alaska's recommendations for CDQ allocations for these fisheries.

The applicants are as follows:

- Aleutian Pribilof Island Community Development Association (APICDA)
- Bristol Bay Economic Development Corporation (BBEDC)
- Central Bering Sea Fishermen's Association (CBSFA)
- Coastal Villages Region Fund (CVRF)
- Norton Sound Economic Development Corporation (NSEDCC)
- Yukon Delta Fisheries Development Association (YDFDA)

The 2003-2005 primary target species allocations are as follows:

CDQ Groups	Pollock	Pacific Cod	Opilio Crab	Bristol Bay King Crab	Halibut
APICDA	14%	15%	8%	17%	4B – 100% 4C – 15%
BBEDC	21%	21%	20%	19%	4D – 26% 4E – 30%
CBSFA	5%	9%	20%	10%	4C – 85%
CVRF	24%	18%	17%	18%	4D – 24% 4E – 70%
NSEDCC	22%	18%	18%	18%	4D – 30%
YDFDA	14%	19%	17%	18%	4D – 20%

"Promoting a healthy economy and strong communities"

2003-2005 CDQ Program Allocation Recommendations

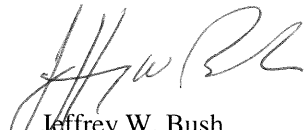
The recommended CDQ allocations are generally lower than originally requested by applicants. This was necessary as cumulative quota requests far exceeded available CDQ quotas.

The state arrived at these recommended quota allocations following a thorough review of each application, prior-period financial and compliance reviews, a public hearing, individual meetings with each applicant, consultation with the North Pacific Fishery Management Council, and a determination of consistency with applicable state and federal regulations.

Governor Knowles is pleased with the progress, results, and the relative improvements to western Alaska's coastal communities as a result of the CDQ program. Since the program began ten years ago, fishery revenues of over \$340 million have been directed towards investments relating on behalf of the eligible communities. The CDQ program has led to over \$80 million in wages, education and training benefits. CDQ groups have invested in in-region seafood infrastructure projects and fish processing investments. The aggregate asset value of the six CDQ groups at the end of 2001 was in excess of \$190 million. All of the CDQ activity benefits many of the rural residents of western Alaska who lack economic opportunity. Accordingly, the state and the nation benefits.

Your approval of the recommendations for the state's 2003-2005 CDQ allocation recommendations would be appreciated.

Sincerely,



Jeffrey W. Bush
Deputy Commissioner

Attachments

Governor Knowles
NPFMC members
Chris Oliver, Executive Director, NPFMC
Commissioner Frank Rue, Alaska Department of Fish & Game
CDQ Groups
CDQ Team

2003-2005 COMMUNITY DEVELOPMENT PLAN APPLICATIONS FOR THE COMMUNITY DEVELOPMENT QUOTA PROGRAM



INTRODUCTION

The State of Alaska (state) received Community Development Plan (CDP) applications for 2003-2005 Community Development Quota (CDQ) from the six CDQ groups pursuant to 50 CFR Part 679 and 6 AAC 93. Each application was reviewed individually by the state and meets all applicable requirements. The state is forwarding its allocation recommendations after completing the review and evaluation process.

Criteria used in the allocation process are established in state and federal regulations. In addition to the CDP's and information on file, the state also used input from a public hearing, private interviews with each CDQ applicant and consultation with the North Pacific Fishery Management Council (Council). These findings include investigations into the accuracy of the applications and just consideration of all economic impacts on eligible CDQ communities.

Federal regulations in **§ 679.30(a)** establish requirements that a proposed CDP must meet in order for the Secretary to grant approval. As stated under **§ 679.30(d)**, "NMFS will review proposed CDP's and approve applications that meet all applicable requirements." This document will look at the state's allocation recommendations for each proposed application. These findings will present the application review process, including the public hearing and consultation with the Council, and will provide a review of the state's findings and provide the state's rationale for quota recommendations under the established criteria.



COMMUNITY DEVELOPMENT PLAN FINDINGS

The CDP applications are for the 2003-2005 CDP application cycle. Applicants were asked to show through a checklist that their proposed 2003-2005 CDP contained all required material.

The evaluation criteria utilized by the Secretary to assess the state's CDQ allocation

recommendations are located at **§ 679.30(a)**. The following headings are arranged in the same order.

APPLICATION PROCEDURE [§ 679.30(a)]

The state has reviewed the CDP applications and finds that each application contains the information required at **§ 679.30(a)**. This information consists of community development information, business information, and the managing organization's qualifications.

COMMUNITY DEVELOPMENT INFORMATION [§ 679.30(a)(1)]

Each applicant has detailed information on the following community development subjects that can be located through the CDP checklists in each CDP.

Project Description [§ 679.30(a)(1)(i)]

For each community development project the applicant is required to provide a project description, the short and long-term project benefits, a schedule for implementation and completion, measurable milestones with dates to determine progress and details on how the project will be funded. Financial projections should not rely on future quota from CDQ allocations beyond the present allocation process. Executive summaries highlighting CDP projects are included in each CDP. Below is a brief summary of the various types of CDP projects. A complete list of all CDQ projects appears in the CDP's.

Project schedule [§ 679.30(a)(1)(ii)]

Each CDP contains a project schedule. Given the expertise of each organization and the nature of the projects, it is believed the schedules can be met.

Employment [§ 679.30(a)(1)(iii)]

Each CDP contains the applicant's employment goals for the CDP allocation cycle and a list of the type of work anticipated and the career advancement from that work. The applications provide a prediction of the number of jobs per year generated by the program.

Community Eligibility [§ 679.30(a)(1)(iv)]

We recognize that a question has been raised concerning the eligibility of some of the communities participating in the CDQ program. Each community represented in the CDP applications is either listed on Table 7 of Part 679 or meets the criteria for an eligible community under § 679.2. In making these recommended allocations, the state team determined that disqualification of any or all of the questioned communities would not affect any of the state's final recommendations for the six groups.

Community Support [§ 679.30(a)(1)(v)]

In order to comply with **§ 679.30(a)(v)**, each application has letters or resolutions of support for the managing organization from the governing body of each community participating in the CDP. The community letters and statements of support are located in the CDP applications or incorporated by referencing the 2003-2005 CDP.

MANAGING ORGANIZATION INFORMATION [§ 679.30(a)(2)]

The state has examined the key personnel, management structure, qualifications, legal relationships, board of directors and stated responsibilities of each managing organization. All of the CDQ groups' management teams have been in place for several years and have significant experience in managing individual CDP's. Based upon the submitted documentation, it is believed that all managing organizations are qualified, will operate in a responsible manner, and will ensure that their harvest and use of CDQ allocations will occur pursuant to their respective CDP's.

The state, however, remains concerned about increasing administrative costs occurring among all six CDQ groups. In response, the state will be reviewing its policy on defining administrative costs and plans to refine reporting standards to better measure the amount of administrative expenditures per individual CDQ group.

The qualification criteria are as follows.

Structure and Personnel [§ 679.30(a)(2)(i)]

Section **679.30(a)(2)(i)** requires the submission of information concerning management structure and key personnel. Although each CDP applicant has developed a unique management structure, the management objectives for all groups are similar in nature. Each management team is responsible for managing fisheries harvests, investment funds, and development projects as listed under **§ 679.30(f)**. The tasks require expertise in various areas. Applicants often rely on in-house personnel and outside professionals for assistance. It appears that most CDQ organizations are decreasing their reliance on outside assistance and instead are focusing on developing and strengthening their internal capabilities.

§ 679.30(a)(2)(i) requires a list and description of key personnel in the managing organization. A resume for each individual is included. Contact persons for each managing organization are listed in Appendix 9, which includes information for each CDQ harvest manager by fishery and the harvesting partner.

Management Qualifications [§ 679.30(a)(2)(ii)]

Each applicant's managing organization is qualified to carry out projects in the proposed CDP's. **§ 679.30(a)(2)(ii)** requires a description of how applicants will manage CDQ allocations and prevent quota overages. Organizations are responsible for managing each CDQ allocation and are required to plan

appropriately for the diverse and complicated harvesting requirements in the CDQ program. A detailed description of each applicant's management qualifications can be found in the CDP.

APICDA separates policy decisions and administrative activities between two principal entities. Policy decisions are made by the board of directors, while Chief Executive Officer and Chief Operating Officer services are provided under contract by Pacific Associates, a Juneau-based fisheries consulting firm. Among other administrative services provided from APICDA's central office in Juneau are a director of administration, general manager, quota manager, human resources manager and accounting personnel.

- APICDA is responsible for ensuring proper harvest of all its CDQ allocations, including regulation compliance.
- APICDA will harvest its pollock through Trident Seafoods and Starbound.
- APICDA has developed an umbrella agreement with its CDP quota-harvesting partners.
- APICDA has worked for several years to create a realtime data management system. The system, called OceanLogic, may be used to assist NMFS in tracking CDQ group harvest activities.

The 2003-2005 CDP application describes the management organization and structure. It also outlines the harvest monitoring functions.

The **BBEDC** managing organization consists of the board of directors, president/CEO and staff. The central office is located in Dillingham. All policy decisions and development projects are managed by the board and implemented by staff. BBEDC has a comprehensive administrative infrastructure and relies on established market specialists for investment analysis. A professional fund manager is under contract to manage BBEDC's financial investments.

- BBEDC is responsible for ensuring proper harvest of all its CDQ allocations, including meeting regulatory requirements.
- BBEDC will likely harvest its pollock with Arctic Storm.
- BBEDC is working with Sea State and other CDQ groups to assure proper harvest and tracking management of CDQ quota.

Details of the management organization are included in the 2003-2005 CDP application.

The managing organization responsible for **CBSFA's** policy decisions is the board of directors and the President. Administrative duties are tasked to staff who are located in Saint Paul. CBSFA relies heavily on a consultant based in Seattle who provides strategic and operational services.

- CBSFA will be responsible for ensuring proper harvest of all its CDQ allocations, including proper compliance with regulatory requirements.

- CBSFA will harvest its pollock through American Seafoods.
- CBSFA will be working with Sea State and other CDQ groups to assure proper harvest and tracking management of CDQ quota.

Further details are found in CBSFA's 2003-2005 CDP application.

For **CVRF**, the Board of Directors is the overall management organization. An executive director heads the administrative duties from the central office located in Anchorage. CVRF has fully implemented the changes recommended during an independent management review in 1998, including relocating the executive director to the central office in Anchorage. The Juneau and Bethel offices are being closed. The review was developed to assist CVRF in establishing itself as a strong organization capable of handling the various facets of the CDQ program.

- CVRF will be responsible for ensuring proper harvest of all its CDQ allocations, including meeting all regulatory requirements.
- CVRF will harvest its pollock through American Seafoods.
- CVRF will be working with Sea State and other CDQ groups to assure proper harvest and tracking management of CDQ quota.

Further details are included in CVRF's 2003-2005 CDP application.

The **NSEDC** Board of Directors oversees the position of president/CEO and various staff positions, primarily located in Anchorage.. The board and staff manage development projects and contract out for additional technical and expertise services as required.

- NSEDC will be responsible for ensuring proper harvest of all its CDQ allocations, including the meeting of regulatory requirements.
- NSEDC will harvest its pollock through Glacier Fish Company.
- NSEDC will be working jointly with Sea State and other CDQ groups to assure proper harvest and tracking management of CDQ quota.

Details of the managing organization are included in NSEDC's 2003-2005 CDP application.

The **YDFDA** Board of Directors oversees an executive director and staff who are primarily located in Anchorage and Seattle. These employees are responsible for much of the management duties within the organization, especially development projects and daily operations.

- YDFDA will be responsible for ensuring proper harvest of all its CDQ allocations, including meeting regulatory requirements.
- YDFDA will harvest its pollock through Golden Alaska Seafoods.

Details of the managing organization are included in YDFDA's 2003-2005 CDP application.

Legal Relationship [§ 679.30(a)(2)(iii)]

Under § 679.30(a)(2)(iii), state agencies are required to review the submitted individual business contracts specifying the legal relationships between applicants and business partners. The relationships should be clear with respect to responsibilities and obligations, based on contracts or other legally binding agreements. In addition, all CDQ groups are legally recognized non-profit corporations under Alaska law and have the authority to initiate lawsuits, be sued, enter into binding agreements, obtain loans, and own property.

Board of Directors [§ 679.30(a)(2)(iv)]

A list of each applicant's board of directors is listed in the respective 2003-2005 CDP, including each director's name, address and telephone number. Each CDQ board has representatives from each community on the board.

BUSINESS INFORMATION [§ 679.30(a)(3)]

Each applicant has submitted detailed information on the following business items:

Business relationships [§ 679.30(a)(3)(i)]

Except as discussed below, all business relationships including audit services, financial services, project management, investment management, royalty arrangements, partnership agreements, investment analysis, data management services and catch monitoring services are provided.

Profit sharing [§ 679.30(a)(3)(ii)]

All profit sharing arrangements between each CDQ applicant and its harvesting partners are clearly defined and supported through signed contracts. However, the state does not have signed CDQ royalty contracts in many cases, and these will need to be completed and submitted to NMFS before recommendations are forwarded to the Secretary. Profit sharing arrangements generally involve royalty agreements and income distribution plans.

Funding [§ 679.30(a)(3)(iii)]

All funding and financing plans are described including each applicant's intended distribution of proceeds.

General budget for implementing the CDP [§ 679.30(a)(3)(iv)]

Each CDP applicant provided a detailed budget for each year of the 2003-2005 CDP. Updates to these budgets occur annually as required under 50 C.F.R. 679.30 (g)(iii) and through the CDP budget amendment process.

Financial statement [§ 679.30(a)(3)(v)]

The most recent income statement, balance sheet, cash flow statement, management letter and agreed upon procedures report has been provided in each

CDP applicant's independent audit report.

Organization chart [§ 679.30(a)(3)(vi)]

Each application includes an organization chart(s) that includes all divisions, subsidiaries, joint ventures and partnerships with a description of the legal status, state of registration, and percentage owned.

REQUEST FOR CDQ AND PSQ ALLOCATION [§ 679.30(a)(4)]

The CDP applications list the requested CDQ species allocations.

FISHING PLAN FOR GROUND FISH AND HALIBUT CDQ FISHERIES [§ 679.30(a)(5)]

Each CDP application provides details required in 679.30(a)(5), including a list of eligible vessels [§ 679.30(a)(5)(i)(A)], a list of eligible shoreside processors or buying stations [§ 679.30(a)(5)(i)(B)], a list of eligible buyers of halibut CDQ [§ 679.30(a)(5)(i)(C)], and sources of data or methods for estimating CDQ and PSQ catch [§ 679.30(a)(5)(ii)].

CDQ PLANNING [§ 679.30(a)(6)]

The CDP applications have a section that provides strategic planning information.

Transition plan [§ 679.30(a)(6)(i)]

In each 2003-2005 CDP Application there is a separate section devoted to developing a transition plan from the CDQ program to self-sufficiency in local fisheries economies.

Post allocation plan [§ 679.30(a)(6)(ii)]

In each 2003-2005 CDP Application there is a separate section devoted to a post allocation plan and information on long term development strategies.

2003-2005 CDP APPLICATION PUBLIC HEARING [§ 679.30(b)]:

As required in federal and state regulations, a public hearing was held to receive comments on the proposed CDP applications. Public notice for the meeting was provided, as required, 30 days in advance of the meeting. All public notices are included in Appendix 2.

The public meeting was held August 27, 2002, from 8:30 a.m. to 12:00 Noon at the Legislative Information Office in Anchorage, Alaska. Participants outside of Anchorage could attend by teleconference in Nome, Bethel, Dillingham and Unalaska, and in smaller communities through offnet sites. Copies of each applicant's 2003-2005 CDP Application Executive Summary were made available to the public at the hearing and were also posted in advance on the state's CDQ website at <http://www.dced.state.ak.us/cbd/CDQ/cdq.htm>. In addition, a sign up sheet was available for those interested in receiving a written transcript of the hearing. A copy of

the transcript of the hearing, along with all documents submitted by the public during the hearing and any other comments received from the public, are included in Appendix 3.

NORTH PACIFIC FISHERY MANAGEMENT COUNCIL CONSULTATION [§ 679.30(c)]:

The state consulted with the North Pacific Fishery Management Council (NPFMC) concerning its CDQ recommendations on October 6, 2002, in Seattle. Copies of the State's recommended allocations were forwarded to the Council. Every voting Council member except Bob Penney was in attendance.

At the meeting the Council unanimously concurred with the state's recommendations for the 2003-2005 allocation cycle. Copies of the letters presented by the state to the Council are included in Appendices 1 and 4. State testimony can be found in the NPFMC record of proceedings of the October meeting.

REVIEW AND APPROVAL OF PROPOSED CDP'S [§ 679.30(d)]:

The state must include quota recommendations, findings, and rationale, to support its recommendations for the proposed CDP applications. Each application must meet all requirements in Part 679.

QUOTA RECOMMENDATIONS

For Bering Sea/Aleutian Islands (BS/AI) area CDQ fisheries for 2003 - 2005, the state recommends to the Secretary of Commerce (Secretary) that the CDP applicants receive the allocations summarized below in accordance with **§ 679.30(d)**. A complete spreadsheet showing the 2003-2005 CDQ allocation recommendations is provided in Appendix 5. The justification for the state's 2003-2005 CDQ allocation recommendations and confidential comments from the scorecards are provided in the next section of this document and in Appendix 1.

2003-2005 CDQ ALLOCATION RECOMMENDATIONS**POLLOCK:**

- Aleutian Pribilof Island Community Development Association (**APICDA**) is to receive 14% of the pollock quota in the BS/AI/Bogoslof management area.
- Bristol Bay Economic Development Corporation (**BBEDC**) is to receive 21% of the pollock in the BS/AI/Bogoslof management area.
- Central Bering Sea Fishermen's Association (**CBSFA**) is to receive 5% of the pollock quota in the BS/AI/Bogoslof management area.
- Coastal Villages Region Fund (**CVRF**) is to receive 24% of the pollock quota in the BS/AI/Bogoslof management area.
- Norton Sound Economic Development Corporation (**NSEDC**) is to receive 22% of the

pollock quota in the BS/AI/Bogoslof management area.

- Yukon Delta Fisheries Development Association (**YDFDA**) is to receive 14% of the pollock quota in the BS/AI/Bogoslof management area.

Pacific Cod:

- Aleutian Pribilof Island Community Development Association (**APICDA**) is to receive 15% of the Pacific cod quota in the BS/AI management area.
- Bristol Bay Economic Development Corporation (**BBEDC**) is to receive 21% of the Pacific cod quota in the BS/AI management area.
- Central Bering Sea Fishermen's Association (**CBSFA**) is to receive 9% of the Pacific cod quota in the BS/AI management area.
- Coastal Villages Region Fund (**CVRF**) is to receive 18% of the Pacific cod quota in the BS/AI management area.
- Norton Sound Economic Development Corporation (**NSEDC**) is to receive 18% of the Pacific cod quota in the BS/AI management area.
- Yukon Delta Fisheries Development Association (**YDFDA**) is to receive 19% of the Pacific cod quota in the BS/AI management area.

Bristol Bay Red King Crab:

- Aleutian Pribilof Island Community Development Association (**APICDA**) is to receive 17% of the Bristol Bay Red King crab quota in the BS/AI management area.
- Bristol Bay Economic Development Corporation (**BBEDC**) is to receive 19% of the Bristol Bay Red King crab quota in the BS/AI management area.
- Central Bering Sea Fishermen's Association (**CBSFA**) is to receive 10% of the Bristol Bay Red King crab quota in the BS/AI management area.
- Coastal Villages Region Fund (**CVRF**) is to receive 18% of the Bristol Bay Red King crab quota in the BS/AI management area.
- Norton Sound Economic Development Corporation (**NSEDC**) is to receive 18% of the Bristol Bay Red King crab quota in the BS/AI management area.
- Yukon Delta Fisheries Development Association (**YDFDA**) is to receive 18% of the Bristol Bay Red King crab quota in the BS/AI management area.

Bering Sea Opilio Crab:

- Aleutian Pribilof Island Community Development Association (**APICDA**) is to receive 8% of the Bering Sea opilio crab quota in the BS/AI management area.
- Bristol Bay Economic Development Corporation (**BBEDC**) is to receive 20% of the Bering Sea opilio crab quota in the BS/AI management area.
- Central Bering Sea Fishermen's Association (**CBSFA**) is to receive 20% of the Bering Sea opilio crab quota in the BS/AI management area.
- Coastal Villages Region Fund (**CVRF**) is to receive 17% of the Bering Sea opilio crab quota in the BS/AI management area.
- Norton Sound Economic Development Corporation (**NSEDC**) is to receive 18% of the

Bering Sea opilio crab quota in the BS/AI management area.

- Yukon Delta Fisheries Development Association (**YDFDA**) is to receive 17% of the Bering Sea opilio crab quota in the BS/AI management area.

Bering Sea Fixed Gear Sablefish:

- Aleutian Pribilof Island Community Development Association (**APICDA**) is to receive 15% of the Bering Sea fixed gear sablefish quota in the BS/AI management area.
- Bristol Bay Economic Development Corporation (**BBEDC**) is to receive 20% of the Bering Sea fixed gear sablefish quota in the BS/AI management area.
- Central Bering Sea Fishermen's Association (**CBSFA**) is to receive 16% of the Bering Sea fixed gear sablefish quota in the BS/AI management area.
- Coastal Villages Region Fund (**CVRF**) is to receive 0% of the Bering Sea fixed gear sablefish quota in the BS/AI management area.
- Norton Sound Economic Development Corporation (**NSEDC**) is to receive 18% of the Bering Sea sablefish quota in the BS/AI management area.
- Yukon Delta Fisheries Development Association (**YDFDA**) is to receive 31% of the Bering Sea sablefish quota in the BS/AI management area.

Aleutian Islands Fixed Gear Sablefish:

- Aleutian Pribilof Island Community Development Association (**APICDA**) is to receive 14% of the Aleutian Islands fixed gear sablefish quota in the BS/AI management area.
- Bristol Bay Economic Development Corporation (**BBEDC**) is to receive 19% of the Aleutian Islands fixed gear sablefish quota in the BS/AI management area.
- Central Bering Sea Fishermen's Association (**CBSFA**) is to receive 3% of the Aleutian Islands fixed gear sablefish quota in the BS/AI management area.
- Coastal Villages Region Fund (**CVRF**) is to receive 27% of the Aleutian Islands fixed gear sablefish quota in the BS/AI management area.
- Norton Sound Economic Development Corporation (**NSEDC**) is to receive 23% of the Aleutian Islands sablefish quota in the BS/AI management area.
- Yukon Delta Fisheries Development Association (**YDFDA**) is to receive 14% of the Aleutian Islands sablefish quota in the BS/AI management area.

4C Halibut:

- Aleutian Pribilof Island Community Development Association (**APICDA**) is to receive 15% of the area 4C halibut quota in the BS/AI management area.
- Central Bering Sea Fishermen's Association (**CBSFA**) is to receive 85% of the area 4C halibut quota in the BS/AI management area.

All other changes to the 2003-2005 allocation recommendations were computed by the state's formula-based bycatch matrix that relied on CDQ group harvest statistics.

TOTAL CDQ REQUESTED

The 2003-2005 CDQ allocations being recommended are generally lower than the amounts requested by the applicants. For example, the cumulative amount of pollock CDQ requested by the applicants totaled 26% more than the CDQ quota available for the BS/AI management area. Appendix 6 provides a complete list of the initial allocation requests. After notification of the State's allocation recommendations, each CDQ group was asked to submit revised 2003-2005 CDP information to accurately reflect the state's allocation recommendations. The revisions were requested by October 15, 2002. However, the state did not receive all 2003-2005 CDP revisions in a timely manner. The primary items missing from the 2003-2005 CDP Applications are CDQ royalty agreements that, with permission from the state, some groups are still in the process of negotiating.

FINDINGS AND RATIONALE FOR THE RECOMMENDATIONS

The state's findings and rationale for its allocation recommendations are found throughout this document and ensuing attachments. When making CDQ allocations, the qualifications of each CDQ group are reviewed with reference to applicable state and federal regulations found in Appendix 7. The state determines whether an applicant has the ability to successfully manage the quota being requested and the ability to meet the goals and milestones in the proposed CDP application.

Many factors are carefully considered during the allocation process. Criteria in state and federal regulations are followed in conjunction with input from the public hearing and private interview with the CDQ group. This year, the state attempted to provide the groups with more transparency in the allocation process through a lengthening of the private meetings and the use of a scorecard.

The scorecard used for each CDQ group had numerical scores given by each state team evaluator in categories constructed around evaluation criteria in state regulations. The broad categories were Population and Economic Need, CDP Achievement, Community, Regional, and Statewide Benefits, Community Outreach and Involvement, Management Effectiveness, and CDQ Program Standards. For each category, the scorecard identified the applicable state regulations, purpose, and sources of information. Scores were given to each group in each category on a scale of 1 to 10. However, because of the differing characteristics of each group, individual categories were weighted separately and cumulative scores were not issued. Each group also received confidential comments compiled from the state team members providing more details about the scores.

As noted in prior testimony before the Council, there is no direct link between the scorecards and allocations, though the scorecards serve as a tool to help the state

and the groups identify and recognize problems and issues affecting each group. The scorecard results and confidential comments are contained in Appendix 1.

In making these recommendations, the state has also taken into consideration all comments received from the groups and others after the state first released its CDQ allocation recommendations. The comments can also be found in Appendix 1.

FACTORS CONSIDERED BY THE STATE IN MAKING ITS ALLOCATION RECOMMENDATIONS

APICDA:

APICDA's 2003-2005 CDP Application:

- APICDA's 2003-2005 CDP emphasizes a continuation of in-region infrastructure development in member communities. APICDA's CDP places emphasis on maintaining and improving existing in-region businesses and on constructing or expanding processing facilities in St. George, Nelson Lagoon, and Atka to help develop stable local economies that can provide meaningful long-term employment and stability for residents of the region.
- APICDA will continue to contribute ten percent of its annual revenue into a Long-term Reserve Account.
- APICDA will continue to maintain a cash flow projection six months into the future while monitoring budgets on a continuing basis.
- APICDA will engage in conservative fiscal management recognizing that they must develop a diversified economic portfolio.
- APICDA will maintain a quid pro quo policy for all infrastructure projects so that APICDA will receive a reasonable return for each investment.
- APICDA intends to transition to self sufficiency through a long range plan by investing in its communities and the fishing industry to generate capital for overhead needs, and to support what may be marginal businesses in the communities that provide support services.
- APICDA has invested in a cod and salmon processing facility located in False Pass, which began operations in 2000. The only species BPS is currently processing is Pacific cod.
- APICDA has invested in a sport-fishing lodge in Nikolski that was scheduled to be operational by late 2000, but was delayed until mid-2002.
- APICDA will conduct feasibility studies regarding small sport fishing lodges in its member communities including St. George.
- APICDA will continue to purchase halibut and sablefish IFQ shares when shares are available at reasonable rates.
- APICDA will continue to attempt to develop and market its catch reporting software, OceanLogic.
- APICDA's CDP contains continued plans to develop fish processing facilities in all six of its communities. The state encourages more due diligence and research of

each project's feasibility before initial capital investment is made to better determine potential profitability and the value to the region's fishing industry.

Other Significant Factors Considered:

- In general, APICDA scored low on several scorecard categories. Because of the low scores, there was much debate among the state team concerning whether or not to recommend that APICDA have its pollock CDQ allocation reduced, and certainly other species allocation recommendations for APICDA were influenced by the overall poor scores. Nonetheless, it was felt that a reduction of pollock CDQ allocation to APICDA would not be recommended in order to permit the group to address the problems identified. To that end, the state is requiring APICDA to administer, through a qualified independent third party, a thorough management review of the organization to address concerns that were brought to the attention of the state in the 2000 and 2001 annual audits.
- The state recommends a reduction of 1% Pacific cod CDQ allocation, as APICDA failed to harvest all its quota in 2000 and 2001 and had the lowest royalty rate among the CDQ groups in 2000.
- The state recommends a reduction of 2% opilio crab CDQ in response to the lowest royalty rate among the CDQ groups in 2000 and 2001, and APICDA's difficulty in managing its allocation in 1999, 2000, and 2001, as evidenced by its quota overages for three consecutive years. The state also recommends a reduction of 1% Bristol Bay red king crab CDQ in response to significantly lower royalty rates compared with other CDQ groups in 2000 and 2001.
- The state recommends a 5% increase in area 4C halibut CDQ allocation in response to St. George fishermen who have been successful harvesting its area 4C halibut allocation and have demonstrated the need for more halibut quota. The 5% increase, from 10% to 15% of 4C halibut CDQ, equates to approximately 150,000 lbs. over the 2003-2005 allocation cycle, which if harvested will provide significant, direct, and immediate benefits to St. George fishermen and the local economy.
- The state recommends a reduction of 1% Aleutian Islands fixed gear sablefish CDQ as APICDA has had difficulty harvesting its allocation in 2000 and 2001. APICDA harvested only 23% of its Aleutian Islands fixed gear sablefish CDQ allocation in 2000 and 7% in 2001.
- OceanLogic continues to suffer poor financial performance with significant cumulative financial losses.
- Atka Pride Seafoods has been a successful project in terms of employment and in-region benefits to the community of Atka. APICDA has future plans for expansion into sablefish and Pacific cod.
- Many mistakes have been made with the Bering Pacific Seafoods project in False Pass resulting in significant financial losses that are projected to continue in the future. This project appears to have a questionable future. However, it is providing economic benefits to False Pass and to some non-CDQ Alaska Peninsula

fishermen.

- The Nikolski Lodge project had many cost overruns and delays since the project was begun in 2000, but did successfully open for business in mid-2002.
- APICDA's offshore investments are doing well, but there are no specific plans for expansion in the harvesting or at-sea processing sectors. Conversely, APICDA's onshore investments are losing a considerable amount of money. The state feels APICDA needs to consider additional offshore investments to help stabilize its financial condition and develop a stronger and more diverse financial base/reserve to support its in-region shoreside projects.
- APICDA's revised milestones contained in its 2003-2005 CDP show few measurable goals that will realistically benefit the people of the region.
- APICDA's investment guidelines could be improved to reflect more measurable goals and provide more details on investment returns.
- APICDA's net income was low compared to other CDQ groups during the last allocation cycle.
- APICDA's CDQ royalties for pollock were below average during 2000 and 2001.
- APICDA needs to be realistic in considering the feasibility of various projects in the future. Proposed projects appear not to be driven by reasonable feasibility projections.
- APICDA has established a successful outreach program to improve communication with local residents. An annual outreach conference has been held where leaders from each community have the opportunity to meet with APICDA's staff and board of directors. However, APICDA is the only group that does not hold board or committee meetings in region.
- APICDA publishes a quarterly newsletter. APICDA's outreach efforts could be improved by updating its website. Given APICDA's low population, its employment numbers are relatively good with a high level of earnings per employee.
- APICDA focuses a large percentage of royalty revenue towards local infrastructure projects.
- APICDA is the only CDQ group to have a non-CDQ CEO.
- APICDA's proposed St. George crab processing project should be coordinated with St. Paul, with consideration to joining CBSFA in its multispecies processing project.
- Per APICDA's 2001 annual audit, the auditor notes concerns with the accounting department that need to be addressed. The state will monitor this issue in the management review that is being required as part of the state's recommendations.
- APICDA continues to have very high administrative expenses, including among the highest management salaries in the CDQ program.
- APICDA has an acceptable compliance record. However, heightened attention to investment planning and improvement of investment guidelines would enhance APICDA's success.
- APICDA's population at approximately 2% of the overall CDQ population is the

lowest in the CDQ program.

- APICDA's median household income based on 2000 census information is the third highest in the program.

BBEDC:**BBEDC's 2003-2005 CDP Application:**

- BBEDC's 2003-2005 CDP executive summary contains a clear long- range plan to expand development of offshore investments and in-region projects. BBEDC continues to focus on regional economic development initiatives through the seafood industry, while increasing training and employment opportunities for local residents. However, the state has always felt that BBEDC could focus more attention on individual community development projects. BBEDC has taken the lead by initiating a comprehensive study to examine the potential options for improving the Bristol Bay salmon fishery, which is the primary driver of the regional economy. BBEDC will use the revenues from its offshore investments to support programs for new market expansion and new products, infrastructure development, and exploration of new fisheries. BBEDC plans to utilize grant monies to fund program delivery expenses to the fullest extent possible.
- BBEDC's 2003-2005 CDP Application contains proposed projects with strong investment guidelines and evidence of considerable due diligence and a clear management strategy to accomplish projects contained in its CDP.
- BBEDC's 2003-2005 CDP Application continues to highlight providing employment and training benefits to the residents of the region. BBEDC's CDP continues its scholarship trust in an effort to provide educational opportunities for local residents and develop a well-prepared workforce for Bristol Bay.
- BBEDC's 2003-2005 CDP Application contains a well reasoned long range plan from reliance on CDQ to self-sufficiency.
- BBEDC's 2003-2005 CDP Application contains a comprehensive investment strategy with plans to expand in the pollock, Pacific cod, and crab sectors.
- BBEDC's 2003-2005 CDP Application contains future plans for more involvement in local salmon fisheries.
- BBEDC has set up adequate safeguards for control of CDQ quota being utilized by harvesting partners.
- BBEDC has established an outreach project to improve communications with region residents.
- BBEDC is focusing increased attention on soliciting regional projects that can meet BBEDC's investment guidelines by making the eligibility criteria more reasonable.
- BBEDC's board of directors has participated in the development and actively sought community input for the 2003-2005 CDP Application.

Other Significant Factors Considered:

- The state recommends an increase of 1% Pacific cod CDQ allocation, primarily for BBEDC's successful harvesting rate and attaining the highest royalty rates among the CDQ groups in 2000. BBEDC has an equity ownership interest in the Bristol Leader, which has one of the more impressive performance records among freezer longliners in terms of harvesting efficiency.
- The state recommends an increase of 1% opilio and Bristol Bay red king crab CDQ allocations in response to BBEDC's commitment to harvesting crab, as evidenced by its 40-45% ownership interest in four Bering sea crab catcher vessels and its CDQ royalties during 2000 and 2001. BBEDC's CDP has plans for further acquisitions in the crab sector.
- The state recommends a reduction of 1% Aleutian Islands fixed gear sablefish CDQ allocation and a reduction of 2% Bering Sea fixed gear sablefish CDQ allocation in response to BBEDC's harvest rates in 2000 and 2001.
- BBEDC has a strong CEO and effective staff and consultants. However, BBEDC needs a strong COO and CFO.
- BBEDC has created the Bristol Bay Science and Research Institute, which is funded by grants. A full-time grant writer needs to be hired.
- BBEDC has a board member on the North Pacific Fishery Management Council and a key staff member on the Advisory Panel. BBEDC has been a strong supporter and advocate of the CDQ program.
- BBEDC's region has been declared a salmon disaster area.
- BBEDC has a successful record of achieving its milestones and has strong investment guidelines, which have contributed to its success.
- BBEDC has successful employment and training numbers and has consistently provided training opportunities through support of local education institutions and scholarship programs.
- BBEDC has been very successful in getting residents to utilize employment opportunities with groundfish industry partners.
- BBEDC has assisted in salmon disaster response efforts, including a significant research program and a recent EDA ice machine project for its communities.
- BBEDC is one of two CDQ groups headquartered in-region, resulting in significant financial benefits contributed to local economies, primarily Dillingham, and provides more personal outreach to regional residents.
- Permit brokerage services continue to be provided to Bristol Bay residents.
- BBEDC needs to update its website to assist in its outreach efforts.
- BBEDC has demonstrated a thorough knowledge of the fishing industry and a strong ability to negotiate with partners.
- BBEDC's Board of Directors appears to be highly effective in managing an efficient operation. BBEDC has low administrative and board expenses. However, BBEDC also has the highest reliance and expenditures on outside consultants.

- BBEDC's regulatory compliance record is good, although BBEDC exceeded its pollock CDQ allocation in 2001. Due to recent turnover in key personnel, some reports have been submitted late to the state.
- BBEDC's has the third largest population in the CDQ program at approximately 22%.
- BBEDC's median household income based on 2000 census information is the fourth highest in the program.

CBSFA:CBSFA's 2003-2005 CDP Application:

- CBSFA's 2003-2005 CDP Application shows promise, and with crab rationalization, significant benefits could be delivered to the City of St. Paul through local employment opportunities and an increase in tax revenues.
- CBSFA's multi-species project shows promise and may lead to further acquisitions in the crab sector.
- CBSFA currently sets aside a significant portion of its annual pollock royalties to help pay federal matching fund requirements for developing the small boat harbor.
- CBSFA has established an outreach project to improve communications with region residents, including a community survey of St. Paul residents.
- CBSFA's board of directors had a role and actively sought community input for the development of its 2003-2005 CDP Application.

Other Significant Factors Considered:

- The state recommends an increase of 1% pollock CDQ allocation primarily based on the strength of CBSFA's plan to develop a multispecies processing facility in St. Paul.
- Along with another CDQ group, CBSFA had among the highest pollock CDQ royalty rates in 2000 and 2001.
- CBSFA's investment in American Seafoods has produced significant investment returns since 2000.
- CBSFA has had significant reductions in its pollock CDQ allocation in past allocation cycles, and the team felt an adjustment was appropriate in light of the group's current, more positive, condition.
- The state recommends a reduction of 1% Pacific cod CDQ allocation in response to CBSFA's difficulty in harvesting its quota in 2000, although its harvest rates were much improved in 2001. CBSFA also had the lowest Pacific cod royalty rate in 2001.
- The state recommends an increase of 1% opilio crab CDQ allocation in response to CBSFA's plan for utilizing the quota in the 2003-2005 allocation cycle. CBSFA's multi-species project in its 2003-2005 CDP shows promise and with crab rationalization, significant benefits could be delivered to the City of St. Paul through local employment opportunities and an increase in tax revenues.

- The state recommends a 3% increase in Aleutian Islands sablefish CDQ allocation. Prior to this cycle, CBSFA has had no quota in this species.
- The state recommends a 2% reduction in Bering Sea sablefish CDQ allocation as CBSFA has had difficulty harvesting its allocation in 2000 and 2001.
- The state recommends a 5% reduction in area 4C halibut CDQ allocation to accommodate a 5% shift to St. George fishermen.
- The state remains concerned that CBSFA is the only single site community in the program with fewer opportunities to develop economies of scale for administrative and overhead costs. However, during the last allocation cycle, CBSFA has worked to lower overall administrative expenses.
- CBSFA's overall achievement needs improvement, but its multispecies processing project in the St. Paul Harbor shows promise.
- CBSFA's investment in American Seafoods has led to some of the highest distributions and highest pollock CDQ royalties in the program.
- CBSFA acquired a new 60-ton crane, a new floating dock access ramp, and a new hydraulic trailer for the local fleet in 2002 to assist in its halibut CDQ fisheries and the small boat harbor, once completed.
- CBSFA's investment in two crab vessels has been problematic. However, CBSFA is pursuing a resolution of this issue with its business partners.
- CBSFA is close to resolving a long-standing lawsuit filed by a former employee, a lawsuit that has produced high attorney fees and settlement costs. The state will continue to monitor this issue.
- CBSFA has provided training benefits to community residents through its scholarship program.
- CBSFA is headquartered in-region and has published an excellent newsletter and annual report.
- Management effectiveness needs improvement, with too much reliance on outside consultants. CBSFA needs to further develop in-house staff with more expertise and responsibilities, including a stronger CEO. CBSFA should also consider opening a regional office in Anchorage for better access to the industry.
- CBSFA has played a role in bringing community entities to consensus on development issues regarding the main harbor and the adjoining small boat harbor in St. Paul. However, further efforts will be needed to bring the project to a point of construction.
- CBSFA has actively worked with the City of St. Paul before the NPFMC for a comprehensive crab rationalization package to create sustainable business opportunities for the Saint Paul economy.
- CBSFA has been unable to get local residents to utilize job opportunities made available through its groundfish fishing partners.
- CBSFA has demonstrated knowledge of the fishing industry and has improved in its ability to negotiate with partners.
- CBSFA has the largest CDQ local halibut fishery, which employs over one

hundred local residents. CBSFA was instrumental in negotiating higher halibut prices for local fishermen in 2000 and initiated a new fee system that covers fleet support costs.

- CBSFA's Board of Directors appears to have adequate oversight and involvement in maximizing the benefits of the CDQ program. An independent management review was completed in late 2000. The state has closely monitored the recommendations made in the management review, and CBSFA has slowly implemented many of the items addressed in the review.
- CBSFA's population is the second smallest in the CDQ program at approximately 2%.
- CBSFA's median household income based on 2000 census information is the highest in the program.

CVRF:CVRF's 2003-2005 CDP Application:

- CVRF's 2003-2005 CDP Application addresses future plans to purchase additional equity interests in the pollock, Pacific cod, crab, groundfish, and sablefish sectors.
- CVRF's 2003-2005 CDP executive summary was thoroughly presented and the 2003-2005 CDP Application professionally written with clear long-term development strategies. The CDP application was produced entirely in-house without the assistance of outside consultants.
- CVRF's board of directors appears to have had a role in the development of its 2003-2005 CDP Application and has also actively sought community input.

Other Significant Factors Considered:

- CVRF receives the most pollock CDQ among the groups.
- The state recommends a 1% increase in its Pacific cod CDQ allocation, as CVRF has been successful harvesting its quota in 2000 and 2001 and royalties have ranked close to or above average in 2000 and 2001. Further, CVRF has significant ownership interests in the Prowler vessels, as well as the Pacific Longline Company through its American Seafoods investment.
- The state recommends a 3% reduction in Aleutian Islands sablefish CDQ allocation consistent with CVRF's 2003-2005 CDP Application.
- CVRF's distributions and pollock CDQ royalties from its investment in American Seafoods are the highest in the history of the CDQ program.
- CVRF's Return on Investment on its equity ownership interests in the pollock industry was the highest in the program. However, the investment also carries a substantial amount of debt into the future., Pacific cod, crab, and groundfish investments have provided among the highest returns in the CDQ program.
- CVRF's pollock, opilio crab, and Bristol Bay red king crab CDQ royalties were among the highest in the CDQ program in 2000 and 2001.

- CVRF has successfully developed salmon and halibut processing facilities in CVRF's communities, including a facility in Quinhagak that has produced impressive employment numbers. CVRF also provides its region residents with markets for salmon, halibut, and herring.
- CVRF's board per diem rate is the highest in the CDQ program.
- CVRF has an effective internal staff with strong technical skills that result in a low reliance by the organization on outside consultants..
- CVRF has successfully completed the implementation of an independent management review requested by the State in 1998.
- CVRF has been very successful in getting region residents to utilize employment and training opportunities within the region. However, CVRF has not had as much success recruiting local residents to work on Bering Sea vessels.
- CVRF has demonstrated an excellent understanding of the fishing industry, as reflected in its high return on investment and ability to negotiate with partners on royalty agreements.
- CVRF's Board of Directors appears to have oversight and involvement in maximizing the benefits of the CDQ program.
- CVRF's regulatory compliance record is good. However, CVRF exceeded its pollock CDQ allocation in 2001.
- CVRF's population is the second largest in the CDQ program at approximately 30%. CVRF has the most communities of any CDQ group and has the largest number of village-based residents.
- CVRF's median household income based on 2000 census information is the lowest in the program. CVRF's unemployment rate is 20%.

NSEDC:NSEDC's 2003-2005 CDP Application:

- NSEDC's 2003-2005 CDP Application continues funding for both in-region projects and offshore investments. NSEDC's in-region activities include salmon rehabilitation and enhancement programs and providing markets for local fishermen in the halibut, crab, and salmon sectors.
- NSEDC's 2003-2005 CDP Application contains a good plan for transition from reliance on the CDQ program to self-sufficiency.
- NSEDC's offshore investments are performing well and its in-region investments are continuing to provide benefits to local residents.
- NSEDC's Education Endowment Fund is the largest in the CDQ program and provides funding for regional education, employment, and training programs.
- NSEDC's 2003-2005 CDP Application has plans to retrofit an existing vessel (Mr. B a.k.a. Glacier Bay) for use as a catcher processor for longline fishing. The vessel is expected to be in operation during 2002 and may also be used to harvest Pacific cod CDQ.
- NSEDC is working with one of its subsidiaries to prepare some of its crab

vessels to harvest sablefish CDQ in the Bering Sea and Aleutian Islands.

- NSEDC will be using a vessel with trawl gear to harvest the turbot CDQ working within strict bycatch limits established by NSEDC.
- NSEDC has established an outreach project to improve communications with region residents. NSEDC has provided local residents with an annual report that contains significant detail about the organization, including a consolidated balance sheet. NSEDC also maintains a detailed web site.
- NSEDC's board of directors had a role in the development of its CDP and pursued community input.

Other Significant Factors Considered:

- Contrary to NSEDC's claims, it is not the most successful group from a financial perspective, although it has shown steady growth. Nor, in the opinion of the state's team, does NSEDC offer more benefits to its residents than other large CDQ groups.
- NSEDC is incurring very high consultant fees and other administrative expenses.
- NSEDC has consistently failed to communicate effectively with the state oversight team. In at least two cases, NSEDC has failed to work with the state team to ensure that proposed projects were in compliance with program requirements. In each of these cases, the state believes that better communication between NSEDC management and the state team could have ensured that these projects complied with necessary legal requirements.
- NSEDC failed to obtain advance full board approval of its purchase of the Mr. B (secured ratification of NSIC action only).
- The funds provided by NSEDC to its member communities for their Community Benefit Share grants were not required by NSEDC to be spent on fisheries related projects. Based on the information provided in NSEDC's quarterly reports from 1999, 2000, and 2001, it is clear that NSEDC's communities have spent their Community Benefit Share grants on both fisheries and non-fisheries related projects. See Appendix 10. Per 50 C.F.R. 679.1(e), the state finds that NSEDC's Community Benefits Share project is not in compliance with the goals and purpose of the CDQ program.
- NSEDC's pollock CDQ royalties have been among the lowest in the CDQ program in 2000 and 2001.
- After taking into consideration all factors and comments, including the problems with program compliance, the state recommends a 1% reduction of NSEDC's pollock CDQ allocation.
- The state recommends a 3% increase in Aleutian Islands fixed gear sablefish CDQ allocation as NSEDC has been successful harvesting its quota in 2000 and 2001.
- The state recommends a 2% reduction in Bering Sea fixed gear sablefish CDQ allocation in response to NSEDC's difficulties in harvesting its quota in 2000 and

2001.

- NSEDC has been successful employing and training a high number of residents and has an employment and training coordinator located in-region. NSEDC has a strong scholarship program with many residents participating.
- NSEDC's outreach efforts include a website and annual report to the residents of its region.
- NSEDC's CEO and staff are very active in the region.
- NSEDC has very high consultant and legal fees. NSEDC's staff needs to be given greater authority for the day-to-day operations. NSEDC relies heavily on an Anchorage-based consultant, not listed on NSEDC's organizational chart, for strategic, governmental, and operational services.
- NSEDC spends a considerable amount of time and administrative expenses directed towards contesting government oversight of the CDQ program.
- NSEDC's board delegation of authority to NSIC for investment decisions violates the CDQ program standards.
- NSEDC has placed emphasis on developing a regional fishing presence in the Norton Sound.
- NSEDC has supported and been directly involved in local small-scale salmon and halibut fishing operations.
- NSEDC made a significant contribution to the Nome port project. NSEDC successfully constructed and currently operates a halibut and crab processing plant in Nome to process locally harvested halibut and crab, and includes retail operations.
- NSEDC has played a significant role in the development of a Nome and Unalakleet based halibut and crab fleet through its vessel loan program.
- The Savoonga halibut operations appear to be struggling due to other local employment opportunities.
- NSEDC has provided training and scholarship opportunities to region residents.
- With the exception of communications problems with the state, as noted above, NSEDC has an acceptable regulatory compliance record.
- NSEDC's population, including the City of Nome, is the largest in the CDQ program at approximately 32%.
- NSEDC's median household income based on 2000 census information is 2nd highest in the program.

YDFDA:

YDFDA's 2003-2005 CDP Application:

- YDFDA's 2003-2005 CDP Application contains plans to expand in the pollock, Pacific cod, and crab sectors.
- YDFDA has plans to expand its local salmon processing operations, which may involve investment in a salmon processing operation on the Yukon River.
- YDFDA will continue to maintain a sufficient cash reserve.

- YDFDA has established an outreach project to improve communications with region residents.
- YDFDA plans on maintaining its strong employment and training programs.
- YDFDA's board of directors had a role in the development of its CDP, and YDFDA has actively sought community input for the general development of its CDP.
- YDFDA plans to pursue the development of an in-region cultural-tourism camp
- YDFDA plans to further develop its aluminum boat repair facility
- YDFDA plans to explore the feasibility of developing other near-shore Yukon River fisheries, including Norton Sound king crab and halibut.

Other Significant Factors Considered:

- The state recommends a 6% increase in YDFDA's Bering Sea fixed gear sablefish CDQ allocation. YDFDA achieved a high rate of success in harvesting its Bering Sea sablefish quota using pots in 2002, and demonstrated a commitment in its 2003-2005 CDP to continue to use its 100% owned vessel, the Lisa Marie, as the primary harvester. The state recommends a 1% decrease in Aleutian Islands fixed gear sablefish CDQ allocation, as YDFDA has had difficulty harvesting that quota in 2000 and 2001.
- YDFDA is one of the poorest regions of the state with the highest per capita of younger population in the United States. YDFDA's median household income based on 2000 census information is the second lowest in the program, and YDFDA's region has one of the highest unemployment rates in the region.
- YDFDA's investment in its pollock partner and catcher vessels has provided significant returns.
- YDFDA is developing an integrated salmon plan to become the sole salmon buyer and processor in the lower Yukon river. So far the efforts are showing promise.
- YDFDA has achieved a majority of its milestones in the current CDP.
- YDFDA has strong scholarship, education, and training programs.
- YDFDA has been successful in its recruitment efforts to employ local residents with groundfish partners. YDFDA has an employment and training coordinator located in-region.
- YDFDA has a quarterly newsletter sent to each community.
- YDFDA's outreach efforts could be improved by developing a website.
- Executive director and staff are active in the region.
- Management and staff should be centralized in an office in Alaska. YDFDA is the only CDQ group with full-time staff outside of Alaska.
- YDFDA is slowly hiring necessary staff to meet growing organizational needs.
- YDFDA has an active board of directors. However, YDFDA could benefit from a more comprehensive vision for the future of the corporation.
- YDFDA had among the highest Pacific cod CDQ royalty rates in 2000 and 2001.

However, YDFDA had difficulty harvesting its Pacific cod CDQ in 2001 due to bycatch controls.

- YDFDA had the highest opilio CDQ royalty rate in 2000.
- YDFDA has taken the approach of moving residents through training programs directly into the fishing industry.
- YDFDA has provided funding for in-region development projects. YDFDA could provide more opportunities to increase local fishermen's ability to participate in nearby fisheries, which has been proposed in YDFDA's 2003-2005 CDP
- YDFDA has been successful in getting residents to utilize job opportunities made available through its groundfish industry and has provided excellent training opportunities to region residents.
- YDFDA has demonstrated knowledge of the fishing industry and an ability to negotiate with industry partners.
- YDFDA's Board of Directors appears to have oversight and involvement in maximizing the benefits of the CDQ program.
- YDFDA has an acceptable compliance record.
- YDFDA's overall population is the fourth largest in the CDQ program at approximately 12%.

Bycatch Matrix Model:

Using historical catch rates, associated bycatch species for each CDQ group were generated by the formula-based bycatch matrix model. Employing this methodology, the state team did not review or make direct allocation recommendations for non-target CDQ species.

CONSISTENCY WITH PART 679

Upon review of Part 679, the State has found the attached 2003-2005 CDP Applications meet the appropriate requirements. It is found that each CDP application contains the information required under 679.30(a) and has met the requirements of 679.30(b), (c) and (d). Upon review of other CDQ regulations in Part 679, the State confirms that the CDP applications meet other applicable requirements and that, if approved, the applicants have the ability to maintain compliance with the necessary requirements.



SUMMARY

The attached individual CDP applications are well prepared by the CDQ groups and contain information that meets the requirements set forth in state regulations at 6 AAC 93. Generally speaking, CDQ groups are maturing as managing organizations and corporate entities and have done well with their quota allocations.

CDQ allocations have begun to make a difference in the local economies of western Alaska. Through 2001, cumulative CDQ revenues have reached over \$340 million. This money has been used for investments in various projects including fishing vessels, shoreside infrastructure, human resource training, boat & gear loans, student loans, scholarships and various employment programs. The expenditure of millions of dollars within CDQ regions has resulted in management opportunities for local staff, purchases of local goods and services, and increased employment opportunities for regional residents in both entry level and management positions in the groundfish industry.

The CDQ program has proven successful by giving hope to young people who otherwise have little to look forward to in their communities. That success is expected to grow as CDQ allocations continue to develop into a springboard for additional economic opportunities. Based on the conclusions presented in these findings, the state presents to NMFS the attached 2003-2005 Community Development Plan Applications and accompanying quota allocations and recommends approval in accordance with 50 CFR 679.30(d).

Appendix 1
State of Alaska 2003-2005 Allocation Recommendations



Tony Knowles, Governor

Department of Community and Economic Development

Office of the Commissioner

P.O. Box 110800, Juneau, AK 99811-0800

Telephone: (907) 465-2500 • Fax: (907) 465-5442 • Text Telephone: (907) 465-5437

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Larry Cotter, CEO
APICDA
234 Gold Street
Juneau, AK 99801

September 9, 2002

RE: 2003-2005 Multi-species and Associated CDQ Allocation Recommendations

Dear Mr. Cotter:

Please see the attached table and scorecard regarding the state's 2003-2005 CDQ allocation recommendations. APICDA will have the opportunity to provide comments regarding the state's allocation recommendations through September 16, 2002.

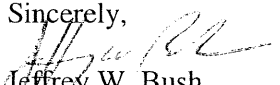
After consultation with the North Pacific Fishery Management Council (NPFMC), the state will be sending a letter requiring revisions to APICDA's 2003-2005 CDP Application in an addendum to the state's allocation recommendations. The revisions will include the following:

1. A thorough management review of APICDA is required, and the addendum will require APICDA to agree to submit this review by December 1, 2002. The recommendations made in the management review will require a new project sheet in APICDA's 2003-2005 CDP Application. The state will review quarterly reports and annual audits to evaluate the progress made towards achieving the goals and recommendations of the review throughout the 2003-2005 CDQ cycle.
2. APICDA's 2003-2005 CDP Application will be revised to represent the state's 2003-2005 CDQ allocation recommendations as represented in the attached table.

Upon completion of the above revisions, the state will forward APICDA's 2003-2005 CDP Application to the National Marine Fisheries Service (NMFS) along with its findings and rationale for the recommendations by October 15, 2002 as required by 6 AAC 93.045 and 50 C.F.R. 679.30(d).

If you have any questions please call me or Greg Cashen at 465-5536.

Sincerely,


Jeffrey W. Bush
Deputy Commissioner

Attachment

cc: CDQ Team
NMFS

State of Alaska 2003 -- 2005 CDQ Quota Allocation Recommendations
By Species and Group

		APICDA Allocations	BBEDC Allocations	CBSFA Allocations	CVRF Allocations	NSEDC Allocations	YDFDA Allocations	TOTAL
Pollock								
	Bering Sea/AI/Bogoslof	14%	21%	5%	24%	22%	14%	100%
Pacific Cod		15%	21%	9%	18%	18%	19%	100%
Sablefish	Fixed Gear - BS	15%	20%	16%	0%	18%	31%	100%
	Fixed Gear - AI	14%	19%	3%	27%	23%	14%	100%
Sablefish	Trawl - BS	21%	22%	9%	13%	13%	22%	100%
	Trawl - AI	26%	20%	8%	13%	12%	21%	100%
Atka mackerel	Western - AI	30%	15%	8%	15%	14%	18%	100%
	Central - AI	30%	15%	8%	15%	14%	18%	100%
	Eastern - EAI/BS	30%	15%	8%	15%	14%	18%	100%
Yellowfin sole		28%	24%	8%	6%	7%	27%	100%
Rocksole		24%	23%	8%	11%	11%	23%	100%
Greenland turbot	BS	16%	20%	8%	17%	19%	20%	100%
	AI	17%	19%	7%	18%	20%	19%	100%
Arrowtooth		22%	22%	9%	13%	12%	22%	100%
Flathead sole		20%	21%	9%	15%	15%	20%	100%
Other Flats		26%	24%	8%	8%	8%	26%	100%
Alaska plaice		14%	21%	5%	24%	22%	14%	100%
Pacific Ocean Perch (POP)	BS	17%	21%	6%	21%	19%	16%	100%
	Western - AI	30%	15%	8%	15%	14%	18%	100%
	Central - AI	30%	15%	8%	15%	14%	18%	100%
	Eastern - AI	30%	15%	8%	15%	14%	18%	100%
Other Red Rockfish	BS	18%	19%	8%	18%	18%	19%	100%
Northern Rockfish	AI	30%	15%	8%	15%	14%	18%	100%
Shortraker/Rougheye Rockfish	AI	22%	17%	8%	17%	17%	19%	100%
Other Rockfish	BS	21%	19%	7%	17%	17%	19%	100%
	AI	21%	18%	8%	17%	17%	19%	100%
Other Species		18%	21%	9%	16%	16%	20%	100%
Prohibited Species Quota								
	Zone 1 Red King Crab (#)	24%	21%	8%	12%	12%	23%	100%
	Zone 1 C. bairdi (#)	26%	24%	8%	8%	8%	26%	100%
	Zone 2 C. bairdi (#)	24%	23%	8%	11%	10%	24%	100%
	C. opilio (#)	25%	24%	8%	10%	8%	25%	100%
	Pacific halibut (mt)	22%	22%	9%	12%	12%	23%	100%
	Chinook salmon (#)	14%	21%	5%	24%	22%	14%	100%
	Non-Chinook salmon (#)	14%	21%	5%	24%	22%	14%	100%
Halibut	4B	100%	0%	0%	0%	0%	0%	100%
	4C	15%	0%	85%	0%	0%	0%	100%
	4D	0%	26%	0%	24%	30%	20%	100%
	4E	0%	30%	0%	70%	0%	0%	100%
Crab								
	Bristol Bay Red King	17%	19%	10%	18%	18%	18%	100%
	Norton Sound Red King	0%	0%	0%	0%	50%	50%	100%
	Pribilof Red & Blue King	0%	0%	100%	0%	0%	0%	100%
	St. Matthew Blue King	50%	12%	0%	12%	14%	12%	100%
	Bering Sea C. opilio	8%	20%	20%	17%	18%	17%	100%
	Bering Sea C. bairdi	10%	19%	19%	17%	18%	17%	100%

2003-2005 CDP Scorecard

Current regulations 6 AAC 93

Category	Regulation	Purpose	Source of Information	APICDA	BBEDC	CBSFA	CVRF	NSEDC	YDFDA
Population & Economic Needs	6 AAC 93.040(b)(1)	Evaluation of population and economic conditions of eligible CDQ communities participating in a proposed CDP.	<ol style="list-style-type: none"> 1) Analysis of 2000 U.S. Census report including population, current community infrastructure, and individual household demographic information. 2) Consultation with the Alaska Dept. of Labor and Dept. of Community & Economic Development for demographic information. 3) Consultation with Department of Revenue, Division of Permanent Fund applicant statistics. 4) Analysis of proposed CDP and annual audits from prior CDP cycle. 5) Interviews with CDQ applicants 	4.3	7.3	4.3	10	9	6.7
CDP Achievement	6 AAC 93.040(b)(2), (b)(16), and (b)(17)	Achievement of CDP and program milestones & objectives. Factors for consideration include allocation requests and the proper allocations necessary to achieve CDP milestones. Discussion of milestones and how they relate to a transition plan from reliance on CDQ to self-sufficiency.	<ol style="list-style-type: none"> 1) Discussion of milestones during a CDP cycle. 2) Evaluation of CDP milestones.. 3) Interviews with CDQ applicants. 	4.3	8.3	4.7	9	7.3	7
Community Regional & Statewide Benefits	6 AAC 93.017(1), (2), (8), (9) 6 AAC 93.040(b)(3), (b)(4), (b)(9), (b)(10), (b)(12), (b)(13), and (b)(14)	Evidence a CDP provides fisheries related social and economic benefits, including employment and training programs, to each eligible CDQ community and to the state, derived from maximum utilization and control of CDQ allocations and CDQ investments.	<ol style="list-style-type: none"> 1) Analysis of project sheet forms in proposed CDP. 2) Performance of investments as determined through audited financial statements. 3) Milestone achievements as presented in annual audits. 4) Analysis of statistics from quarterly reports. 5) Interviews with CDQ applicants 	7.3	5.3	7.3	6.3	6.3	5.7

2003-2005 CDP Scorecard (continued) Current regulations 6 AAC 93

Category	Regulation	Purpose	Source of Information	APICDA	BBEDC	CBSFA	CVRF	NSEDC	YDFDA
Community Outreach & Involvement	6 AAC 93.040(b)(2), (b)(3), (b)(10), (b)(16), (b)(17), (b)(18), (b)(19)	Evidence that the applicant has developed an effective outreach program to keep participating communities fully informed about CDQ activities and to facilitate community involvement throughout the CDP cycle.	1) Analysis of CDP milestones.	5.7	6.7	8	6.3	7	7.3
			2) Verification of contact with community through analysis of quarterly reports, board and committee meeting minutes, annual reports, and outreach conferences.						
			3) Interviews with CDQ applicants.						
Management Effectiveness	6 AAC 93.040(b)(8), (b)(11), (b)(13), (b)(14), (b)(15), (b)(16), (b)(17)	Demonstration of management effectiveness & efficiency, including board training and participation, as well as a formal effective administrative process utilizing sound business principles while exercising a sufficient level of due diligence to complete the goals and objectives of the proposed CDP. Demonstration of effective management of allocations relative to enforcement measures.	1) Completion of CDP milestones.	5	7	4.3	8	6.7	6.7
			2) Use of consultants to perform management duties & technical analysis.						
			3) Number of CDQ region residents employed in management positions.						
CDQ Program Standards	6 AAC 93.017(1)-(9) 6 AAC 93.040(b)(2), (b)(3), (b)(4), (b)(5), (b)(6), (b)(7), (b)(14), (b)(15), (b)(20)	Evidence that a CDQ applicant has minimized legal and financial risk by exercising sufficient due diligence and demonstrating a reasonable likelihood that for-profit CDQ projects will earn a financial return, meet measurable CDP milestones, utilize conservation-based fisheries and further the overall goals and purposes of the CDQ program.	4) Analysis of overall program & administrative costs in annual audited reports & CDP budgets.						
			5) Analysis of staff & independent contractor compensation packages						
			6) Interviews with CDQ applicants.						
			1) Analysis of annual audited independent reports.	5	8	5.7	8.7	5.7	7.3
			2) Analysis of CDP investment guidelines and due diligence on investments.						
			3) Analysis of milestones in annual audited reports.						
			4) Analysis of proposed CDP and plans for CDP cycle.						
			5) Input from public concerning the goals and objectives of a proposed CDP.						
			6) Interviews with CDQ applicants.						

Assumptions:

- 1) Other sources analyzed during the allocation process will include quarterly reports and all correspondence between the state and the CDQ applicant during the previous and current CDP application cycle.

Confidential Information Not Released

APICDA Scorecard Comments



**Department of Community
and Economic Development**

Office of the Commissioner

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Email: questions@dced.state.ak.us • Website: www.dced.state.ak.us/

Robin Samuelsen, CEO
BBEDC
P.O. Box 1464
Dillingham, AK 99576-1464

September 9, 2002

RE: 2003-2005 Multi-species and Associated CDQ Allocation Recommendations

Dear Mr. Samuelsen:

Please see the attached table and scorecard regarding the state's 2003-2005 CDQ allocation recommendations. BBEDC will have the opportunity to provide comments regarding the state's allocation recommendations through September 16, 2002.

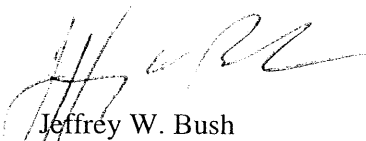
After consultation with the North Pacific Fishery Management Council (NPFMC), the state will be sending a letter requiring revisions to BBEDC's 2003-2005 CDP Application in an addendum to the state's allocation recommendations. The revisions will include the following:

1. BBEDC's 2003-2005 CDP Application will be revised to represent the state's 2003-2005 CDQ allocation recommendations as represented in the attached table.

Upon completion of the above revisions, the state will forward BBEDC's 2003-2005 CDP Application to the National Marine Fisheries Service (NMFS) along with its findings and rationale for the recommendations by October 15, 2002 as required by 6 AAC 93.045 and 50 C.F.R. 679.30(d).

If you have any questions please call me or Greg Cashen at 465-5536.

Sincerely,



Jeffrey W. Bush
Deputy Commissioner

Attachment

cc: CDQ Team
NMFS

State of Alaska 2003 -- 2005 CDQ Quota Allocation Recommendations
By Species and Group

		APICDA Allocations	BBEDC Allocations	CBSFA Allocations	CVRF Allocations	NSEDC Allocations	YDFDA Allocations	TOTAL
Pollock								
	Bering Sea/AI/Bogoslof	14%	21%	5%	24%	22%	14%	100%
Pacific Cod		15%	21%	9%	18%	18%	19%	100%
Sablefish	Fixed Gear - BS	15%	20%	16%	0%	18%	31%	100%
	Fixed Gear - AI	14%	19%	3%	27%	23%	14%	100%
Sablefish	Trawl - BS	21%	22%	9%	13%	13%	22%	100%
	Trawl - AI	26%	20%	8%	13%	12%	21%	100%
Atka mackerel	Western - AI	30%	15%	8%	15%	14%	18%	100%
	Central - AI	30%	15%	8%	15%	14%	18%	100%
	Eastern - EAI/BS	30%	15%	8%	15%	14%	18%	100%
Yellowfin sole		28%	24%	8%	6%	7%	27%	100%
Rocksole		24%	23%	8%	11%	11%	23%	100%
Greenland turbot	BS	16%	20%	8%	17%	19%	20%	100%
	AI	17%	19%	7%	18%	20%	19%	100%
Arrowtooth		22%	22%	9%	13%	12%	22%	100%
Flathead sole		20%	21%	9%	15%	15%	20%	100%
Other Flats		26%	24%	8%	8%	8%	26%	100%
Alaska plaice		14%	21%	5%	24%	22%	14%	100%
Pacific Ocean Perch (POP)	BS	17%	21%	6%	21%	19%	16%	100%
	Western - AI	30%	15%	8%	15%	14%	18%	100%
	Central - AI	30%	15%	8%	15%	14%	18%	100%
	Eastern - AI	30%	15%	8%	15%	14%	18%	100%
Other Red Rockfish	BS	18%	19%	8%	18%	18%	19%	100%
Northern Rockfish	AI	30%	15%	8%	15%	14%	18%	100%
Shortraker/Roughey Rockfish	AI	22%	17%	8%	17%	17%	19%	100%
Other Rockfish	BS	21%	19%	7%	17%	17%	19%	100%
	AI	21%	18%	8%	17%	17%	19%	100%
Other Species		18%	21%	9%	16%	16%	20%	100%
Prohibited Species Quota								
	Zone 1 Red King Crab (#)	24%	21%	8%	12%	12%	23%	100%
	Zone 1 C. bairdi (#)	26%	24%	8%	8%	8%	26%	100%
	Zone 2 C. bairdi (#)	24%	23%	8%	11%	10%	24%	100%
	C. opilio (#)	25%	24%	8%	10%	8%	25%	100%
	Pacific halibut (mt)	22%	22%	9%	12%	12%	23%	100%
	Chinook salmon (#)	14%	21%	5%	24%	22%	14%	100%
	Non-Chinook salmon (#)	14%	21%	5%	24%	22%	14%	100%
Halibut	4B	100%	0%	0%	0%	0%	0%	100%
	4C	15%	0%	85%	0%	0%	0%	100%
	4D	0%	26%	0%	24%	30%	20%	100%
	4E	0%	30%	0%	70%	0%	0%	100%
Crab								
	Bristol Bay Red King	17%	19%	10%	18%	18%	18%	100%
	Norton Sound Red King	0%	0%	0%	0%	50%	50%	100%
	Pribilof Red & Blue King	0%	0%	100%	0%	0%	0%	100%
	St. Matthew Blue King	50%	12%	0%	12%	14%	12%	100%
	Bering Sea C. opilio	8%	20%	20%	17%	18%	17%	100%
	Bering Sea C. bairdi	10%	19%	19%	17%	18%	17%	100%

2003-2005 CDP Scorecard

Current regulations 6 AAC 93

Category	Regulation	Purpose	Source of Information	APICDA	BBEDC	CBSFA	CVRF	NSEDC	YDFDA
Population & Economic Needs	6 AAC 93.040(b)(1)	Evaluation of population and economic conditions of eligible CDQ communities participating in a proposed CDP.	<ol style="list-style-type: none"> 1) Analysis of 2000 U.S. Census report including population, current community infrastructure, and individual household demographic information. 2) Consultation with the Alaska Dept. of Labor and Dept. of Community & Economic Development for demographic information. 3) Consultation with Department of Revenue, Division of Permanent Fund applicant statistics. 4) Analysis of proposed CDP and annual audits from prior CDP cycle. 5) Interviews with CDQ applicants 	4.3	7.3	4.3	10	9	6.7
CDP Achievement	6 AAC 93.040(b)(2), (b)(16), and (b)(17)	<p>Achievement of CDP and program milestones & objectives. Factors for consideration include allocation requests and the proper allocations necessary to achieve CDP milestones.</p> <p>Discussion of milestones and how they relate to a transition plan from reliance on CDQ to self-sufficiency.</p>	<ol style="list-style-type: none"> 1) Discussion of milestones during a CDP cycle. 2) Evaluation of CDP milestones.. 3) Interviews with CDQ applicants. 	4.3	8.3	4.7	9	7.3	7
Community Regional & Statewide Benefits	<p>6 AAC 93.017(1), (2), (8), (9)</p> <p>6 AAC 93.040(b)(3), (b)(4), (b)(9), (b)(10), (b)(12), (b)(13), and (b)(14)</p>	<p>Evidence a CDP provides fisheries related social and economic benefits, including employment and training programs, to each eligible CDQ community and to the state, derived from maximum utilization and control of CDQ allocations and CDQ investments.</p>	<ol style="list-style-type: none"> 1) Analysis of project sheet forms in proposed CDP. 2) Performance of investments as determined through audited financial statements. 3) Milestone achievements as presented in annual audits. 4) Analysis of statistics from quarterly reports. 5) Interviews with CDQ applicants 	7.3	5.3	7.3	6.3	6.3	5.7

2003-2005 CDP Scorecard (continued) Current regulations 6 AAC 93

Category	Regulation	Purpose	Source of Information	AP/CDA	BBEDC	CBSFA	CVRF	NSEDC	YDFDA
Community Outreach & Involvement	6 AAC 93.040(b)(2), (b)(3), (b)(10), (b)(16), (b)(17), (b)(18), (b)(19)	Evidence that the applicant has developed an effective outreach program to keep participating communities fully informed about CDQ activities and to facilitate community involvement throughout the CDP cycle.	1) Analysis of CDP milestones. 2) Verification of contact with community through analysis of quarterly reports, board and committee meeting minutes, annual reports, and outreach conferences. 3) Interviews with CDQ applicants.	5.7	6.7	8	6.3	7	7.3
Management Effectiveness	6 AAC 93.040(b)(8), (b)(11), (b)(13), (b)(14), (b)(15), (b)(16), (b)(17)	Demonstration of management effectiveness & efficiency, including board training and participation, as well as a formal effective administrative process utilizing sound business principles while exercising a sufficient level of due diligence to complete the goals and objectives of the proposed CDP. Demonstration of effective management of allocations relative to enforcement measures.	1) Completion of CDP milestones. 2) Use of consultants to perform management duties & technical analysis. 3) Number of CDQ region residents employed in management positions. 4) Analysis of overall program & administrative costs in annual audited reports & CDP budgets. 5) Analysis of staff & independent contractor compensation packages 6) Interviews with CDQ applicants.	5	7	4.3	8	6.7	6.7
CDQ Program Standards	6 AAC 93.017(1)-(9) 6 AAC 93.040(b)(2), (b)(3), (b)(4), (b)(5), (b)(6), (b)(7), (b)(14), (b)(15), (b)(20)	Evidence that a CDQ applicant has minimized legal and financial risk by exercising sufficient due diligence and demonstrating a reasonable likelihood that for-profit CDQ projects will earn a financial return, meet measurable CDP milestones, utilize conservation-based fisheries and further the overall goals and purposes of the CDQ program.	1) Analysis of annual audited independent reports. 2) Analysis of CDP investment guidelines and due diligence on investments. 3) Analysis of milestones in annual audited reports. 4) Analysis of proposed CDP and plans for CDP cycle. 5) Input from public concerning the goals and objectives of a proposed CDP. 6) Interviews with CDQ applicants.	5	8	5.7	8.7	5.7	7.3

Assumptions:

- 1) Other sources analyzed during the allocation process will include quarterly reports and all correspondence between the state and the CDQ applicant during the previous and current CDP application cycle.

Confidential Information Not Released

BBEDC Scorecard Comments



Tony Knowles, Governor

Department of Community and Economic Development

Office of the Commissioner

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Email: questions@dced.state.ak.us • Website: www.dced.state.ak.us/

Phillip Lestenkof, President
CBSFA
P.O. Box 288
St. Paul, AK 99660-0288

September 9, 2002

RE: 2003-2005 Multi-species and Associated CDQ Allocation Recommendations

Dear Mr. Lestenkof:

Please see the attached table and scorecard regarding the state's 2003-2005 CDQ allocation recommendations. CBSFA will have the opportunity to provide comments regarding the state's allocation recommendations through September 16, 2002.

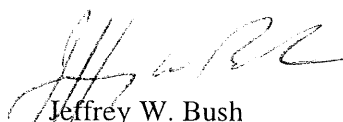
After consultation with the North Pacific Fishery Management Council (NPFMC), the state will be sending a letter requiring revisions to CBSFA's 2003-2005 CDP Application in an addendum to the state's allocation recommendations. The revisions will include the following:

1. CBSFA's 2003-2005 CDP Application will be revised to represent the state's 2003-2005 CDQ allocation recommendations as represented in the attached table.

Upon completion of the above revisions, the state will forward CBSFA's 2003-2005 CDP Application to the National Marine Fisheries Service (NMFS) along with its findings and rationale for the recommendations by October 15, 2002 as required by 6 AAC 93.045 and 50 C.F.R. 679.30(d).

If you have any questions please call me or Greg Cashen at 465-5536.

Sincerely,



Jeffrey W. Bush
Deputy Commissioner

Attachment

cc: CDQ Team
NMFS

State of Alaska 2003 -- 2005 CDQ Quota Allocation Recommendations
By Species and Group

		APICDA Allocations	BBEDC Allocations	CBSFA Allocations	CVRF Allocations	NSEDC Allocations	YDFDA Allocations	TOTAL
Pollock								
	Bering Sea/AI/Bogoslof	14%	21%	5%	24%	22%	14%	100%
Pacific Cod		15%	21%	9%	18%	18%	19%	100%
Sablefish	Fixed Gear - BS	15%	20%	16%	0%	18%	31%	100%
	Fixed Gear - AI	14%	19%	3%	27%	23%	14%	100%
Sablefish	Trawl - BS	21%	22%	9%	13%	13%	22%	100%
	Trawl - AI	26%	20%	8%	13%	12%	21%	100%
Atka mackerel	Western - AI	30%	15%	8%	15%	14%	18%	100%
	Central - AI	30%	15%	8%	15%	14%	18%	100%
	Eastern - EAI/BS	30%	15%	8%	15%	14%	18%	100%
Yellowfin sole		28%	24%	8%	6%	7%	27%	100%
Rocksole		24%	23%	8%	11%	11%	23%	100%
Greenland turbot	BS	16%	20%	8%	17%	19%	20%	100%
	AI	17%	19%	7%	18%	20%	19%	100%
Arrowtooth		22%	22%	9%	13%	12%	22%	100%
Flathead sole		20%	21%	9%	15%	15%	20%	100%
Other Flats		26%	24%	8%	8%	8%	26%	100%
Alaska plaice		14%	21%	5%	24%	22%	14%	100%
Pacific Ocean Perch (POP)	BS	17%	21%	6%	21%	19%	16%	100%
	Western - AI	30%	15%	8%	15%	14%	18%	100%
	Central - AI	30%	15%	8%	15%	14%	18%	100%
	Eastern - AI	30%	15%	8%	15%	14%	18%	100%
Other Red Rockfish	BS	18%	19%	8%	18%	18%	19%	100%
Northern Rockfish	AI	30%	15%	8%	15%	14%	18%	100%
Shortraker/Rougheye Rockfish	AI	22%	17%	8%	17%	17%	19%	100%
Other Rockfish	BS	21%	19%	7%	17%	17%	19%	100%
	AI	21%	18%	8%	17%	17%	19%	100%
Other Species		18%	21%	9%	16%	16%	20%	100%
Prohibited Species Quota								
	Zone 1 Red King Crab (#)	24%	21%	8%	12%	12%	23%	100%
	Zone 1 C. bairdi (#)	26%	24%	8%	8%	8%	26%	100%
	Zone 2 C. bairdi (#)	24%	23%	8%	11%	10%	24%	100%
	C. opilio (#)	25%	24%	8%	10%	8%	25%	100%
	Pacific halibut (mt)	22%	22%	9%	12%	12%	23%	100%
	Chinook salmon (#)	14%	21%	5%	24%	22%	14%	100%
	Non-Chinook salmon (#)	14%	21%	5%	24%	22%	14%	100%
Halibut	4B	100%	0%	0%	0%	0%	0%	100%
	4C	15%	0%	85%	0%	0%	0%	100%
	4D	0%	26%	0%	24%	30%	20%	100%
	4E	0%	30%	0%	70%	0%	0%	100%
Crab								
	Bristol Bay Red King	17%	19%	10%	18%	18%	18%	100%
	Norton Sound Red King	0%	0%	0%	0%	50%	50%	100%
	Pribilof Red & Blue King	0%	0%	100%	0%	0%	0%	100%
	St. Matthew Blue King	50%	12%	0%	12%	14%	12%	100%
	Bering Sea C. opilio	8%	20%	20%	17%	18%	17%	100%
	Bering Sea C. bairdi	10%	19%	19%	17%	18%	17%	100%

2003-2005 CDP Scorecard

Current regulations 6 AAC 93

Category	Regulation	Purpose	Source of Information	APICDA	BBEDC	CBSFA	CVRF	NSEDC	YDFDA
Population & Economic Needs	6 AAC 93.040(b)(1)	Evaluation of population and economic conditions of eligible CDQ communities participating in a proposed CDP.	<ol style="list-style-type: none"> 1) Analysis of 2000 U.S. Census report including population, current community infrastructure, and individual household demographic information. 2) Consultation with the Alaska Dept. of Labor and Dept. of Community & Economic Development for demographic information. 3) Consultation with Department of Revenue, Division of Permanent Fund applicant statistics. 4) Analysis of proposed CDP and annual audits from prior CDP cycle. 5) Interviews with CDQ applicants 	4.3	7.3	4.3	10	9	6.7
CDP Achievement	6 AAC 93.040(b)(2), (b)(16), and (b)(17)	Achievement of CDP and program milestones & objectives. Factors for consideration include allocation requests and the proper allocations necessary to achieve CDP milestones. Discussion of milestones and how they relate to a transition plan from reliance on CDQ to self-sufficiency.	<ol style="list-style-type: none"> 1) Discussion of milestones during a CDP cycle. 2) Evaluation of CDP milestones.. 3) Interviews with CDQ applicants. 	4.3	8.3	4.7	9	7.3	7
Community Regional & Statewide Benefits	6 AAC 93.017(1), (2), (8), (9) 6 AAC 93.040(b)(3), (b)(4), (b)(9), (b)(10), (b)(12), (b)(13), and (b)(14)	Evidence a CDP provides fisheries related social and economic benefits, including employment and training programs, to each eligible CDQ community and to the state, derived from maximum utilization and control of CDQ allocations and CDQ investments.	<ol style="list-style-type: none"> 1) Analysis of project sheet forms in proposed CDP. 2) Performance of investments as determined through audited financial statements. 3) Milestone achievements as presented in annual audits. 4) Analysis of statistics from quarterly reports. 5) Interviews with CDQ applicants 	7.3	5.3	7.3	6.3	6.3	5.7

2003-2005 CDP Scorecard (continued)

Current regulations 6 AAC 93

Category	Regulation	Purpose	Source of Information	APICDA	BBEDC	CBSFA	CVRF	NSEDC	YFDA
Community Outreach & Involvement	6 AAC 93.040(b)(2), (b)(3), (b)(10), (b)(16), (b)(17), (b)(18), (b)(19)	Evidence that the applicant has developed an effective outreach program to keep participating communities fully informed about CDQ activities and to facilitate community involvement throughout the CDP cycle.	1) Analysis of CDP milestones. 2) Verification of contact with community through analysis of quarterly reports, board and committee meeting minutes, annual reports, and outreach conferences. 3) Interviews with CDQ applicants.	5.7	6.7	8	6.3	7	7.3
Management Effectiveness	6 AAC 93.040(b)(8), (b)(11), (b)(13), (b)(14), (b)(15), (b)(16), (b)(17)	Demonstration of management effectiveness & efficiency, including board training and participation, as well as a formal effective administrative process utilizing sound business principles while exercising a sufficient level of due diligence to complete the goals and objectives of the proposed CDP. Demonstration of effective management of allocations relative to enforcement measures.	1) Completion of CDP milestones. 2) Use of consultants to perform management duties & technical analysis. 3) Number of CDQ region residents employed in management positions. 4) Analysis of overall program & administrative costs in annual audited reports & CDP budgets. 5) Analysis of staff & independent contractor compensation packages. 6) Interviews with CDQ applicants.	5	7	4.3	8	6.7	6.7
CDQ Program Standards	6 AAC 93.017(1)-(9) 6 AAC 93.040(b)(2), (b)(3), (b)(4), (b)(5), (b)(6), (b)(7), (b)(14), (b)(15), (b)(20)	Evidence that a CDQ applicant has minimized legal and financial risk by exercising sufficient due diligence and demonstrating a reasonable likelihood that for-profit CDQ projects will earn a financial return, meet measurable CDP milestones, utilize conservation-based fisheries and further the overall goals and purposes of the CDQ program.	1) Analysis of annual audited independent reports. 2) Analysis of CDP investment guidelines and due diligence on investments. 3) Analysis of milestones in annual audited reports. 4) Analysis of proposed CDP and plans for CDP cycle. 5) Input from public concerning the goals and objectives of a proposed CDP. 6) Interviews with CDQ applicants.	5	8	5.7	8.7	5.7	7.3

Assumptions:

- 1) Other sources analyzed during the allocation process will include quarterly reports and all correspondence between the state and the CDQ applicant during the previous and current CDP application cycle.

Confidential Information Not Released

CBSFA Scorecard Comments



Tony Knowles, Governor

Department of Community and Economic Development

Office of the Commissioner

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Email: questions@dced.state.ak.us • Website: www.dced.state.ak.us/

Morgen Crow, Executive Director
CVRF
711 H Street, Suite 200
Anchorage, AK 99501-3461

September 9, 2002

RE: 2003-2005 Multi-species and Associated CDQ Allocation Recommendations

Dear Mr. Crow:

Please see the attached table and scorecard regarding the state's 2003-2005 CDQ allocation recommendations. CVRF will have the opportunity to provide comments regarding the state's allocation recommendations through September 16, 2002.

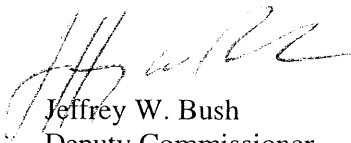
After consultation with the North Pacific Fishery Management Council (NPFMC), the state will be sending a letter requiring revisions to CVRF's 2003-2005 CDP Application in an addendum to the state's allocation recommendations. The revisions will include the following:

1. CVRF's 2003-2005 CDP Application will be revised to represent the state's 2003-2005 CDQ allocation recommendations as represented in the attached table.

Upon completion of the above revisions, the state will forward CVRF's 2003-2005 CDP Application to the National Marine Fisheries Service (NMFS) along with its findings and rationale for the recommendations by October 15, 2002 as required by 6 AAC 93.045 and 50 C.F.R. 679.30(d).

If you have any questions please call me or Greg Cashen at 465-5536.

Sincerely,



Jeffrey W. Bush
Deputy Commissioner

Attachment

cc: CDQ Team
NMFS

State of Alaska 2003 -- 2005 CDQ Quota Allocation Recommendations
By Species and Group

		APICDA Allocations	BBEDC Allocations	CBSFA Allocations	CVRF Allocations	NSEDC Allocations	YDFDA Allocations	TOTAL
Pollock								
	Bering Sea/AI/Bogoslof	14%	21%	5%	24%	22%	14%	100%
Pacific Cod		15%	21%	9%	18%	18%	19%	100%
Sablefish	Fixed Gear - BS	15%	20%	16%	0%	18%	31%	100%
	Fixed Gear - AI	14%	19%	3%	27%	23%	14%	100%
Sablefish	Trawl - BS	21%	22%	9%	13%	13%	22%	100%
	Trawl - AI	26%	20%	8%	13%	12%	21%	100%
Atka mackerel	Western - AI	30%	15%	8%	15%	14%	18%	100%
	Central - AI	30%	15%	8%	15%	14%	18%	100%
	Eastern - EAI/BS	30%	15%	8%	15%	14%	18%	100%
Yellowfin sole		28%	24%	8%	6%	7%	27%	100%
Rocksole		24%	23%	8%	11%	11%	23%	100%
Greenland turbot	BS	16%	20%	8%	17%	19%	20%	100%
	AI	17%	19%	7%	18%	20%	19%	100%
Arrowtooth		22%	22%	9%	13%	12%	22%	100%
Flathead sole		20%	21%	9%	15%	15%	20%	100%
Other Flats		26%	24%	8%	8%	8%	26%	100%
Alaska plaice		14%	21%	5%	24%	22%	14%	100%
Pacific Ocean Perch (POP)	BS	17%	21%	6%	21%	19%	16%	100%
	Western - AI	30%	15%	8%	15%	14%	18%	100%
	Central - AI	30%	15%	8%	15%	14%	18%	100%
	Eastern - AI	30%	15%	8%	15%	14%	18%	100%
Other Red Rockfish	BS	18%	19%	8%	18%	18%	19%	100%
Northern Rockfish	AI	30%	15%	8%	15%	14%	18%	100%
Shortraker/Rougheye Rockfish	AI	22%	17%	8%	17%	17%	19%	100%
Other Rockfish	BS	21%	19%	7%	17%	17%	19%	100%
	AI	21%	18%	8%	17%	17%	19%	100%
Other Species		18%	21%	9%	16%	16%	20%	100%
Prohibited Species Quota								
	Zone 1 Red King Crab (#)	24%	21%	8%	12%	12%	23%	100%
	Zone 1 C. bairdi (#)	26%	24%	8%	8%	8%	26%	100%
	Zone 2 C. bairdi (#)	24%	23%	8%	11%	10%	24%	100%
	C. opilio (#)	25%	24%	8%	10%	8%	25%	100%
	Pacific halibut (mt)	22%	22%	9%	12%	12%	23%	100%
	Chinook salmon (#)	14%	21%	5%	24%	22%	14%	100%
	Non-Chinook salmon (#)	14%	21%	5%	24%	22%	14%	100%
Halibut	4B	100%	0%	0%	0%	0%	0%	100%
	4C	15%	0%	85%	0%	0%	0%	100%
	4D	0%	26%	0%	24%	30%	20%	100%
	4E	0%	30%	0%	70%	0%	0%	100%
Crab								
	Bristol Bay Red King	17%	19%	10%	18%	18%	18%	100%
	Norton Sound Red King	0%	0%	0%	0%	50%	50%	100%
	Pribilof Red & Blue King	0%	0%	100%	0%	0%	0%	100%
	St. Matthew Blue King	50%	12%	0%	12%	14%	12%	100%
	Bering Sea C. opilio	8%	20%	20%	17%	18%	17%	100%
	Bering Sea C. bairdi	10%	19%	19%	17%	18%	17%	100%

2003-2005 CDP Scorecard

Current regulations 6 AAC 93

Category	Regulation	Purpose	Source of Information	APICDA	BBEDC	CBSFA	CVRF	NSEDC	YDFDA
Population & Economic Needs	6 AAC 93.040(b)(1)	Evaluation of population and economic conditions of eligible CDQ communities participating in a proposed CDP.	<ol style="list-style-type: none"> 1) Analysis of 2000 U.S. Census report including population, current community infrastructure, and individual household demographic information. 2) Consultation with the Alaska Dept. of Labor and Dept. of Community & Economic Development for demographic information. 3) Consultation with Department of Revenue, Division of Permanent Fund applicant statistics. 4) Analysis of proposed CDP and annual audits from prior CDP cycle. 5) Interviews with CDQ applicants 	4.3	7.3	4.3	10	9	6.7
CDP Achievement	6 AAC 93.040(b)(2), (b)(16), and (b)(17)	Achievement of CDP and program milestones & objectives. Factors for consideration include allocation requests and the proper allocations necessary to achieve CDP milestones. Discussion of milestones and how they relate to a transition plan from reliance on CDQ to self-sufficiency.	<ol style="list-style-type: none"> 1) Discussion of milestones during a CDP cycle. 2) Evaluation of CDP milestones.. 3) Interviews with CDQ applicants. 	4.3	8.3	4.7	9	7.3	7
Community Regional & Statewide Benefits	6 AAC 93.017(1), (2), (8), (9) 6 AAC 93.040(b)(3), (b)(4), (b)(9), (b)(10), (b)(12), (b)(13), and (b)(14)	Evidence a CDP provides fisheries related social and economic benefits, including employment and training programs, to each eligible CDQ community and to the state, derived from maximum utilization and control of CDQ allocations and CDQ investments.	<ol style="list-style-type: none"> 1) Analysis of project sheet forms in proposed CDP. 2) Performance of investments as determined through audited financial statements. 3) Milestone achievements as presented in annual audits. 4) Analysis of statistics from quarterly reports. 5) Interviews with CDQ applicants 	7.3	5.3	7.3	6.3	6.3	5.7

2003-2005 CDP Scorecard (continued)

Current regulations 6 AAC 93

Category	Regulation	Purpose	Source of Information	APICDA	BBEDC	CBSFA	CVRF	NSDC	YFDA
Community Outreach & Involvement	6 AAC 93.040(b)(2), (b)(3), (b)(10), (b)(16), (b)(17), (b)(18), (b)(19)	Evidence that the applicant has developed an effective outreach program to keep participating communities fully informed about CDQ activities and to facilitate community involvement throughout the CDP cycle.	1) Analysis of CDP milestones. 2) Verification of contact with community through analysis of quarterly reports, board and committee meeting minutes, annual reports, and outreach conferences. 3) Interviews with CDQ applicants.	5.7	6.7	8	6.3	7	7.3
Management Effectiveness	6 AAC 93.040(b)(8), (b)(11), (b)(13), (b)(14), (b)(15), (b)(16), (b)(17)	Demonstration of management effectiveness & efficiency, including board training and participation, as well as a formal effective administrative process utilizing sound business principles while exercising a sufficient level of due diligence to complete the goals and objectives of the proposed CDP. Demonstration of effective management of allocations relative to enforcement measures.	1) Completion of CDP milestones. 2) Use of consultants to perform management duties & technical analysis. 3) Number of CDQ region residents employed in management positions. 4) Analysis of overall program & administrative costs in annual audited reports & CDP budgets. 5) Analysis of staff & independent contractor compensation packages 6) Interviews with CDQ applicants.	5	7	4.3	8	6.7	6.7
CDQ Program Standards	6 AAC 93.017(1)-(9) 6 AAC 93.040(b)(2), (b)(3), (b)(4), (b)(5), (b)(6), (b)(7), (b)(14), (b)(15), (b)(20)	Evidence that a CDQ applicant has minimized legal and financial risk by exercising sufficient due diligence and demonstrating a reasonable likelihood that for-profit CDQ projects will earn a financial return, meet measurable CDP milestones, utilize conservation-based fisheries and further the overall goals and purposes of the CDQ program.	1) Analysis of annual audited independent reports. 2) Analysis of CDP investment guidelines and due diligence on investments. 3) Analysis of milestones in annual audited reports. 4) Analysis of proposed CDP and plans for CDP cycle. 5) Input from public concerning the goals and objectives of a proposed CDP. 6) Interviews with CDQ applicants.	5	8	5.7	8.7	5.7	7.3

Assumptions:

- 1) Other sources analyzed during the allocation process will include quarterly reports and all correspondence between the state and the CDQ applicant during the previous and current CDP application cycle.

Confidential Information Not Released

CVRF Scorecard Comments



Tony Knowles, Governor

Office of the Commissioner

P.O. Box 110800, Juneau, AK 99811-0800

Telephone: (907) 465-2500 • Fax: (907) 465-5442 • Text Telephone: (907) 465-5437

Email: questions@dced.state.ak.us • Website: www.dced.state.ak.us/

Eugene Asicksik, President & CEO
NSEDC
420 L Street, Suite 200
Anchorage, AK 99501-3461

September 9, 2002

RE: 2003-2005 Multi-species and Associated CDQ Allocation Recommendations

Dear Mr. Asicksik:

Please see the attached table and scorecard regarding the state's 2003-2005 CDQ allocation recommendations. NSEDC will have the opportunity to provide comments regarding the state's allocation recommendations through September 16, 2002.

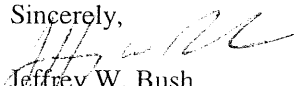
After consultation with the North Pacific Fishery Management Council (NPFMC), the state will be sending a letter requiring revisions to NSEDC's 2003-2005 CDP Application in an addendum to the state's allocation recommendations. The revisions will include the following:

1. NSEDC's 2003-2005 CDP Application will be revised to include the specific details of the Mr. B (aka Glacier Bay) purchase including revisions to NSEDC's budget, fish plan, and corporate organization chart. The state will also require a new project sheet, current financial statements for Mr. B, vessel survey, and a copy of all agreements, contracts, and articles of incorporation.
2. NSEDC will require communities who receive community benefit share grants to audit the projects to ensure funds are used for fisheries related purposes. NSEDC will be required to provide the state with a copy of the audits on an annual basis. The state will review quarterly reports and annual audits to evaluate the community benefit share grants throughout the 2003-2005 CDQ cycle.
3. NSEDC's 2003-2005 CDP Application will be revised to represent the state's 2003-2005 CDQ allocation recommendations as represented in the attached table.

Upon completion of the above revisions, the state will forward NSEDC's 2003-2005 CDP Application to the National Marine Fisheries Service (NMFS) along with its findings and rationale for the recommendations by October 15, 2002 as required by 6 AAC 93.045 and 50 C.F.R. 679.30(d).

If you have any questions please call me or Greg Cashen at 465-5536.

Sincerely,


Jeffrey W. Bush
Deputy Commissioner

cc: CDQ Team
NMFS

State of Alaska 2003 -- 2005 CDQ Quota Allocation Recommendations
By Species and Group

		APICDA Allocations	BBEDC Allocations	CBSFA Allocations	CVRF Allocations	NSEDC Allocations	YDFDA Allocations	TOTAL
Pollock	Bering Sea/AI/Bogoslof	14%	21%	5%	24%	22%	14%	100%
Pacific Cod		15%	21%	9%	18%	18%	19%	100%
Sablefish	Fixed Gear - BS	15%	20%	16%	0%	18%	31%	100%
	Fixed Gear - AI	14%	19%	3%	27%	23%	14%	100%
Sablefish	Trawl - BS	21%	22%	9%	13%	13%	22%	100%
	Trawl - AI	26%	20%	8%	13%	12%	21%	100%
Atka mackerel	Western - AI	30%	15%	8%	15%	14%	18%	100%
	Central - AI	30%	15%	8%	15%	14%	18%	100%
	Eastern - EAI/BS	30%	15%	8%	15%	14%	18%	100%
Yellowfin sole		28%	24%	8%	6%	7%	27%	100%
Rocksole		24%	23%	8%	11%	11%	23%	100%
Greenland turbot	BS	16%	20%	8%	17%	19%	20%	100%
	AI	17%	19%	7%	18%	20%	19%	100%
Arrowtooth		22%	22%	9%	13%	12%	22%	100%
Flathead sole		20%	21%	9%	15%	15%	20%	100%
Other Flats		26%	24%	8%	8%	8%	26%	100%
Alaska plaice		14%	21%	5%	24%	22%	14%	100%
Pacific Ocean Perch (POP)	BS	17%	21%	6%	21%	19%	16%	100%
	Western - AI	30%	15%	8%	15%	14%	18%	100%
	Central - AI	30%	15%	8%	15%	14%	18%	100%
	Eastern - AI	30%	15%	8%	15%	14%	18%	100%
Other Red Rockfish	BS	18%	19%	8%	18%	18%	19%	100%
Northern Rockfish	AI	30%	15%	8%	15%	14%	18%	100%
Shortraker/Rougheye Rockfish	AI	22%	17%	8%	17%	17%	19%	100%
Other Rockfish	BS	21%	19%	7%	17%	17%	19%	100%
	AI	21%	18%	8%	17%	17%	19%	100%
Other Species		18%	21%	9%	16%	16%	20%	100%
Prohibited Species Quota								
	Zone 1 Red King Crab (#)	24%	21%	8%	12%	12%	23%	100%
	Zone 1 C. bairdi (#)	26%	24%	8%	8%	8%	26%	100%
	Zone 2 C. bairdi (#)	24%	23%	8%	11%	10%	24%	100%
	C. opilio (#)	25%	24%	8%	10%	8%	25%	100%
	Pacific halibut (mt)	22%	22%	9%	12%	12%	23%	100%
	Chinook salmon (#)	14%	21%	5%	24%	22%	14%	100%
	Non-Chinook salmon (#)	14%	21%	5%	24%	22%	14%	100%
Halibut	4B	100%	0%	0%	0%	0%	0%	100%
	4C	15%	0%	85%	0%	0%	0%	100%
	4D	0%	26%	0%	24%	30%	20%	100%
	4E	0%	30%	0%	70%	0%	0%	100%
Crab								
	Bristol Bay Red King	17%	19%	10%	18%	18%	18%	100%
	Norton Sound Red King	0%	0%	0%	0%	50%	50%	100%
	Pribilof Red & Blue King	0%	0%	100%	0%	0%	0%	100%
	St. Matthew Blue King	50%	12%	0%	12%	14%	12%	100%
	Bering Sea C. opilio	8%	20%	20%	17%	18%	17%	100%
	Bering Sea C. bairdi	10%	19%	19%	17%	18%	17%	100%

2003-2005 CDP Scorecard

Current regulations 6 AAC 93

Category	Regulation	Purpose	Source of Information	APICDA	BBEDC	CBSFA	CVRF	NSEDC	YDFDA
Population & Economic Needs	6 AAC 93.040(b)(1)	Evaluation of population and economic conditions of eligible CDQ communities participating in a proposed CDP.	<ol style="list-style-type: none"> 1) Analysis of 2000 U.S. Census report including population, current community infrastructure, and individual household demographic information. 2) Consultation with the Alaska Dept. of Labor and Dept. of Community & Economic Development for demographic information. 3) Consultation with Department of Revenue, Division of Permanent Fund applicant statistics. 4) Analysis of proposed CDP and annual audits from prior CDP cycle. 5) Interviews with CDQ applicants 	4.3	7.3	4.3	10	9	6.7
CDP Achievement	6 AAC 93.040(b)(2), (b)(16), and (b)(17)	Achievement of CDP and program milestones & objectives. Factors for consideration include allocation requests and the proper allocations necessary to achieve CDP milestones. Discussion of milestones and how they relate to a transition plan from reliance on CDQ to self-sufficiency.	<ol style="list-style-type: none"> 1) Discussion of milestones during a CDP cycle. 2) Evaluation of CDP milestones.. 3) Interviews with CDQ applicants. 	4.3	8.3	4.7	9	7.3	7
Community Regional & Statewide Benefits	6 AAC 93.017(1), (2), (8), (9) 6 AAC 93.040(b)(3), (b)(4), (b)(9), (b)(10), (b)(12), (b)(13), and (b)(14)	Evidence a CDP provides fisheries related social and economic benefits, including employment and training programs, to each eligible CDQ community and to the state, derived from maximum utilization and control of CDQ allocations and CDQ investments.	<ol style="list-style-type: none"> 1) Analysis of project sheet forms in proposed CDP. 2) Performance of investments as determined through audited financial statements. 3) Milestone achievements as presented in annual audits. 4) Analysis of statistics from quarterly reports. 5) Interviews with CDQ applicants 	7.3	5.3	7.3	6.3	6.3	5.7

2003-2005 CDP Scorecard (continued)

Current regulations 6 AAC 93

Category	Regulation	Purpose	Source of Information	APICDA	BBEDC	CBSFA	CVRF	NSDC	YFDA
Community Outreach & Involvement	6 AAC 93.040(b)(2), (b)(3), (b)(10), (b)(16), (b)(17), (b)(18), (b)(19)	Evidence that the applicant has developed an effective outreach program to keep participating communities fully informed about CDQ activities and to facilitate community involvement throughout the CDP cycle.	1) Analysis of CDP milestones. 2) Verification of contact with community through analysis of quarterly reports, board and committee meeting minutes, annual reports, and outreach conferences. 3) Interviews with CDQ applicants.	5.7	6.7	8	6.3	7	7.3
Management Effectiveness	6 AAC 93.040(b)(8), (b)(11), (b)(13), (b)(14), (b)(15), (b)(16), (b)(17)	Demonstration of management effectiveness & efficiency, including board training and participation, as well as a formal effective administrative process utilizing sound business principles while exercising a sufficient level of due diligence to complete the goals and objectives of the proposed CDP. Demonstration of effective management of allocations relative to enforcement measures.	1) Completion of CDP milestones. 2) Use of consultants to perform management duties & technical analysis. 3) Number of CDQ region residents employed in management positions. 4) Analysis of overall program & administrative costs in annual audited reports & CDP budgets. 5) Analysis of staff & independent contractor compensation packages. 6) Interviews with CDQ applicants.	5	7	4.3	8	6.7	6.7
CDQ Program Standards	6 AAC 93.017(1)-(9) 6 AAC 93.040(b)(2), (b)(3), (b)(4), (b)(5), (b)(6), (b)(7), (b)(14), (b)(15), (b)(20)	Evidence that a CDQ applicant has minimized legal and financial risk by exercising sufficient due diligence and demonstrating a reasonable likelihood that for-profit CDQ projects will earn a financial return, meet measurable CDP milestones, utilize conservation-based fisheries and further the overall goals and purposes of the CDQ program.	1) Analysis of annual audited independent reports. 2) Analysis of CDP investment guidelines and due diligence on investments. 3) Analysis of milestones in annual audited reports. 4) Analysis of proposed CDP and plans for CDP cycle. 5) Input from public concerning the goals and objectives of a proposed CDP. 6) Interviews with CDQ applicants.	5	8	5.7	8.7	5.7	7.3

Assumptions:

- 1) Other sources analyzed during the allocation process will include quarterly reports and all correspondence between the state and the CDQ applicant during the previous and current CDP application cycle.

Confidential Information Not Released

NSEDC Scorecard Comments



Office of the Commissioner

P.O. Box 110800, Juneau, AK 99811-0800

Telephone: (907) 465-2500 • Fax: (907) 465-5442 • Text Telephone: (907) 465-5437

Email: questions@dced.state.ak.us • Website: www.dced.state.ak.us/

Ragnar Alstrom, Executive Director
YDFDA
301 Calista Court, Suite C
Anchorage, AK 99518-3028

September 9, 2002

RE: 2003-2005 Multi-species and Associated CDQ Allocation Recommendations

Dear Mr. Alstrom:

Please see the attached table and scorecard regarding the state's 2003-2005 CDQ allocation recommendations. YDFDA will have the opportunity to provide comments regarding the state's allocation recommendations through September 16, 2002.

After consultation with the North Pacific Fishery Management Council (NPFMC), the state will be sending a letter requiring revisions to YDFDA's 2003-2005 CDP Application in an addendum to the state's allocation recommendations. The revisions will include the following:

1. YDFDA's 2003-2005 CDP Application will be revised to represent the state's 2003-2005 CDQ allocation recommendations as represented in the attached table.

Upon completion of the above revisions, the state will forward YDFDA's 2003-2005 CDP Application to the National Marine Fisheries Service (NMFS) along with its findings and rationale for the recommendations by October 15, 2002 as required by 6 AAC 93.045 and 50 C.F.R. 679.30(d).

If you have any questions please call me or Greg Cashen at 465-5536.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeffrey W. Bush".

Jeffrey W. Bush
Deputy Commissioner

Attachment

cc: CDQ Team
NMFS

State of Alaska 2003 -- 2005 CDQ Quota Allocation Recommendations
By Species and Group

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Sablefish	Fixed Gear - BS	15%	20%	16%	0%	18%	31%	100%
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Atka mackerel	Western - AI	30%	15%	8%	15%	14%	18%	100%
	Central - AI	30%	15%	8%	15%	14%	18%	100%
	Eastern - EAI/BS	30%	15%	8%	15%	14%	18%	100%
Yellowfin sole		28%	24%	8%	6%	7%	27%	100%
Rocksole		24%	23%	8%	11%	11%	23%	100%
Greenland turbot	BS	16%	20%	8%	17%	19%	20%	100%
	AI	17%	19%	7%	18%	20%	19%	100%
Arrowtooth		22%	22%	9%	13%	12%	22%	100%
Flathead sole		20%	21%	9%	15%	15%	20%	100%
Other Flats		26%	24%	8%	8%	8%	26%	100%
Alaska plaice		14%	21%	5%	24%	22%	14%	100%
Pacific Ocean Perch (POP)	BS	17%	21%	6%	21%	19%	16%	100%
	Western - AI	30%	15%	8%	15%	14%	18%	100%
	Central - AI	30%	15%	8%	15%	14%	18%	100%
	Eastern - AI	30%	15%	8%	15%	14%	18%	100%
Other Red Rockfish	BS	18%	19%	8%	18%	18%	19%	100%
Northern Rockfish	AI	30%	15%	8%	15%	14%	18%	100%
Shortraker/Rougheye Rockfish AI		22%	17%	8%	17%	17%	19%	100%
Other Rockfish	BS	21%	19%	7%	17%	17%	19%	100%
	AI	21%	18%	8%	17%	17%	19%	100%
Other Species		18%	21%	9%	16%	16%	20%	100%
Prohibited Species Quota								
	Zone 1 Red King Crab (#)	24%	21%	8%	12%	12%	23%	100%
	Zone 1 C. bairdi (#)	26%	24%	8%	8%	8%	26%	100%
	Zone 2 C. bairdi (#)	24%	23%	8%	11%	10%	24%	100%
	C. opilio (#)	25%	24%	8%	10%	8%	25%	100%
	Pacific halibut (mt)	22%	22%	9%	12%	12%	23%	100%
	Chinook salmon (#)	14%	21%	5%	24%	22%	14%	100%
	Non-Chinook salmon (#)	14%	21%	5%	24%	22%	14%	100%
Halibut	4B	100%	0%	0%	0%	0%	0%	100%
	4C	15%	0%	85%	0%	0%	0%	100%
	4D	0%	26%	0%	24%	30%	20%	100%
	4E	0%	30%	0%	70%	0%	0%	100%
Crab								
	Bristol Bay Red King	17%	19%	10%	18%	18%	18%	100%
	Norton Sound Red King	0%	0%	0%	0%	50%	50%	100%
	Pribilof Red & Blue King	0%	0%	100%	0%	0%	0%	100%
	St. Matthew Blue King	50%	12%	0%	12%	14%	12%	100%
	Bering Sea C. opilio	8%	20%	20%	17%	18%	17%	100%
	Bering Sea C. bairdi	10%	19%	19%	17%	18%	17%	100%

2003-2005 CDP Scorecard

Current regulations 6 AAC 93

Category	Regulation	Purpose	Source of Information	APICDA	BBEDC	CBSFA	CVRF	NSEDC	YDFDA
Population & Economic Needs	6 AAC 93.040(b)(1)	Evaluation of population and economic conditions of eligible CDQ communities participating in a proposed CDP.	<ol style="list-style-type: none"> 1) Analysis of 2000 U.S. Census report including population, current community infrastructure, and individual household demographic information. 2) Consultation with the Alaska Dept. of Labor and Dept. of Community & Economic Development for demographic information. 3) Consultation with Department of Revenue, Division of Permanent Fund applicant statistics. 4) Analysis of proposed CDP and annual audits from prior CDP cycle. 5) Interviews with CDQ applicants 	4.3	7.3	4.3	10	9	6.7
CDP Achievement	6 AAC 93.040(b)(2), (b)(16), and (b)(17)	Achievement of CDP and program milestones & objectives. Factors for consideration include allocation requests and the proper allocations necessary to achieve CDP milestones. Discussion of milestones and how they relate to a transition plan from reliance on CDQ to self-sufficiency.	<ol style="list-style-type: none"> 1) Discussion of milestones during a CDP cycle. 2) Evaluation of CDP milestones.. 3) Interviews with CDQ applicants. 	4.3	8.3	4.7	9	7.3	7
Community Regional & Statewide Benefits	6 AAC 93.017(1), (2), (8), (9) 6 AAC 93.040(b)(3), (b)(4), (b)(9), (b)(10), (b)(12), (b)(13), and (b)(14)	Evidence a CDP provides fisheries related social and economic benefits, including employment and training programs, to each eligible CDQ community and to the state, derived from maximum utilization and control of CDQ allocations and CDQ investments.	<ol style="list-style-type: none"> 1) Analysis of project sheet forms in proposed CDP. 2) Performance of investments as determined through audited financial statements. 3) Milestone achievements as presented in annual audits. 4) Analysis of statistics from quarterly reports. 5) Interviews with CDQ applicants 	7.3	5.3	7.3	6.3	6.3	5.7

2003-2005 CDP Scorecard (continued)

Current regulations 6 AAC 93

Category	Regulation	Purpose	Source of Information	APICDA	BBEDC	CBSFA	CVRF	NSEDC	YDFDA
Community Outreach & Involvement	6 AAC 93.040(b)(2), (b)(3), (b)(10), (b)(16), (b)(17), (b)(18), (b)(19)	Evidence that the applicant has developed an effective outreach program to keep participating communities fully informed about CDQ activities and to facilitate community involvement throughout the CDP cycle.	1) Analysis of CDP milestones. 2) Verification of contact with community through analysis of quarterly reports, board and committee meeting minutes, annual reports, and outreach conferences. 3) Interviews with CDQ applicants.	5.7	6.7	8	6.3	7	7.3
Management Effectiveness	6 AAC 93.040(b)(8), (b)(11), (b)(13), (b)(14), (b)(15), (b)(16), (b)(17)	Demonstration of management effectiveness & efficiency, including board training and participation, as well as a formal effective administrative process utilizing sound business principles while exercising a sufficient level of due diligence to complete the goals and objectives of the proposed CDP. Demonstration of effective management of allocations relative to enforcement measures.	1) Completion of CDP milestones. 2) Use of consultants to perform management duties & technical analysis. 3) Number of CDQ region residents employed in management positions. 4) Analysis of overall program & administrative costs in annual audited reports & CDP budgets. 5) Analysis of staff & independent contractor compensation packages. 6) Interviews with CDQ applicants.	5	7	4.3	8	6.7	6.7
CDQ Program Standards	6 AAC 93.017(1)-(9) 6 AAC 93.040(b)(2), (b)(3), (b)(4), (b)(5), (b)(6), (b)(7), (b)(14), (b)(15), (b)(20)	Evidence that a CDQ applicant has minimized legal and financial risk by exercising sufficient due diligence and demonstrating a reasonable likelihood that for-profit CDQ projects will earn a financial return, meet measurable CDP milestones, utilize conservation-based fisheries and further the overall goals and purposes of the CDQ program.	1) Analysis of annual audited independent reports. 2) Analysis of CDP investment guidelines and due diligence on investments. 3) Analysis of milestones in annual audited reports. 4) Analysis of proposed CDP and plans for CDP cycle. 5) Input from public concerning the goals and objectives of a proposed CDP. 6) Interviews with CDQ applicants.	5	8	5.7	8.7	5.7	7.3

Assumptions:

- 1) Other sources analyzed during the allocation process will include quarterly reports and all correspondence between the state and the CDQ applicant during the previous and current CDP application cycle.

Confidential Information Not Released

YDFDA Scorecard Comments

Confidential Information Not Released

**Letter from State of Alaska to APICDA
October 8, 2002
Regarding APICDA Management Review**